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NEWS SUMMARY

GENERAL

Israelis ready to raid Lebanon

Israeli planes had been ordered to destroy Syrian anti-aircraft missiles in Lebanon and only bad weather had prevented the attack being carried out, Prime Minister Menachem Begin revealed. It would go ahead if U.S. diplomats failed to get the weapons removed.

Christians and Moslems exchanged gunfire in Beirut and Syria warned that it was strengthening it civil defences. Back Page

More tax staff

Some 3,500 extra civil servants will be needed to administer the planned tax on unemployment benefit. Page 10; All-out strike fear, Page 9.

Ladder assassin

A gunman climbed a stepladder and shot dead Heinz-Herbert Karry, Economics Minister for the West German state of Hesse, as he slept. Terrorism fear, Page 3

Maze man wanes

IRA hunger striker Francis Hughes was said to be slipping in and out of consciousness after 53 days. Two soldiers shot, Page 6

Ripper 'voice'

Peter Sutcliffe, confessing to the Yorkshire Ripper murders, told an Old Bailey jury he heard "God's voice" while working as a gravedigger in Bingley.

Express bomb

A bomb blast on an express train between Paris and Lyons injured four. An unknown group named after dead gangster Jacques Mesrine claimed responsibility.

Nigerian strike

A general strike in Nigeria over demands to treble the minimum wage disrupted transport and trading.

Basque plot

Spanish police foiled a Basque separatist plot to free nearly 80 jailed ETA members. Seven more were held.

Dawe accused

Financier Amos Dawe, extradited from the U.S., appeared in a Hong Kong court charged with a HK$91m (£7.9m) fraud involving Mosbert Holdings which collapsed in 1976.

Bribes by MP

Israeli MP Samuel Flatto-Sharon was sentenced to nine months' jail for buying votes.

Funds for farms

Farmers in parts of North Derbyshire, where snow killed thousands of lambs, will be compensated. The European Parliament declared it a disaster area.

CND to Denning

Lord Denning will hear a Campaign for Nuclear Disarmament appeal after the High Court rejected its challenge to the London marches ban. Soft spots in defences, Page 8

Unprofessional

TV actor Lewis Collins of The Professionals, who fired a shotgun in his living room while fans were visiting, was fined £300.

Palace coup

The Royal Wedding official souvenir brochure was launched earlier than customary to beat commercial publishers.

Briefly . . .

Buddha's birthday was marked in South Korea by an amnesty for 630 prisoners.

Irish rugby team arrived in South Africa.

BUSINESS

Equities easier; Gold up by $3

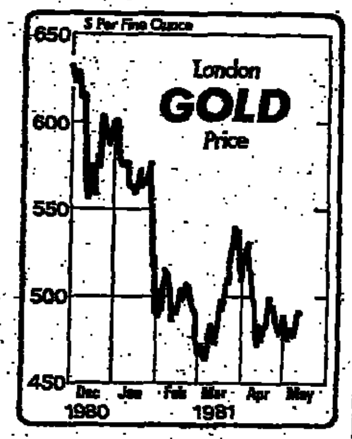
● EQUITIES drifted down late on news of the vote for a Civil Service strike. The FT 30-share index closed 2.4 lower at 566.9. Page 38

● GILTS surrendered most early advances. The Government Securities index ended 0.02 ahead at 67.95. Page 38.

● DOLLAR firmed, its trade-weighted index rising to 105.5 (104.6). It closed at FFr 5.5025 (FFr 5.3375), a 10-year high, DM 2.283 (DM 2.253), its best since October 1977, and Y217.85 (Y217.5). Page 34

● STERLING lost 1.45 cents to $2.102 but improved against European currencies, to FFr 11.565 (FFr 11.2925) and DM 4.80 (DM 4.77). Its Bank of England index was 99.3 (98.9). Page 34

● GOLD rose $3 in London to $491.5. Page 34



● WALL STREET was off 4.5 at 971.90 before the close. Page 36

● LEYLAND VEHICLES is losing £10m a month and all spending, including investment projects, is under review. Back Page

● "DANGEROUS" trend towards protectionism, shown in the U.S.-Japanese deal on curbing car exports, was criticised by West German Economics Minister Count Otto Lambsdorff. Page 5

● CENTRAL BANKS of industrialised countries, except the U.S., told the IMF they would lend it SDR 1.1bn (£618m) to boost its flagging liquidity. Page 4

● WINDFALL PROFITS tax on oil companies may be phased out by the U.S. Government to encourage oil exploration and production. Back Page

● ALLIED CORPORATION, the U.S. chemicals group which has North Sea oil and gas interests, is to take over Bunker Ramo, the electrical and electronics group, in an agreed cash and share deal worth about $358m.

● ANZ BANK offered A$583m (£313m) for the Commercial Bank of Australia, the country's biggest takeover bid. Page 30

● WESTDEUTSCHE Landesbank, West Germany's third biggest bank, may not pay a dividend this year because of poor profits. Page 29

● BRITISH HOME STORES reported second-half profits to April 4 up from £28.62m to £29.01m, after a £2.56m decline to £10.65m at half-year, but taxable surplus for the 53 weeks was down. Page 24;

● SEARS HOLDINGS' pre-tax profits for the year to January 31 were up 7.5 per cent to £99.71m on 10 per cent higher turnover. Page 24; Lex, Back Page

● CASIO COMPUTER, Japan's biggest electronic computer maker, announced record earnings and sales for the year to March 20. Net profits were up 20.9 per cent to Y4.63bn (£10m). Page 33

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 3pc 1985	£74½	+ ⅜
Beattie (J.) A	175	+ 6
Brit. Home Stores	180	+ 8
British Sugar	325	+ 10
Channel Tunnel	173	+ 13
Cmcl. Bk. Australia	325	+ 40
Davy Crpn.	190	+ 10
Debenhams	105	+ 4
Downing (G. H.)	195	+ 37
House of Fraser	189	+ 7
Ladbroke	325	+ 5
MDW	104	+ 6
Nichols (Vimto)	220	+ 25
Rosehaugh	325	+ 17
St George's Laundry	114	+ 15
Sears	60	+ 4½
Spear and Jackson	125	+ 9
Whatman Rv. Angel	137	+ 7
Wheeler's Restrnts.	390	+ 20
Woolworth	69	+ 4½
Yorklyde	210	+ 20
Gadek	67	+ 6
Highland Lowlands	91	+ 5
Aust. Cns. Minerals	20	+ 3
Gencor	975	+ 50
Gld. Mn. Kalgoorlie	420	+ 20
Messina	315	+ 15
Randfontein Ests.	£27½	+ 1½
Vaal Reefs	£34½	+ 1½

FALLS		
Treas. 12pc 1984	£96¹⁄₁₆	− ⅟₁₆
Boustead	163	− 15
Cmrcl. Bank Sydney	330	− 30
Cmpgn. Bancaire	£27½	− 2½
News Intnl.	103	− 10
St. Gobain	850	− 225
Tube Inv.	196	− 10
LASMO	562	− 20
Tricentrol	246	− 12
RTZ	538	− 16

New ICL managers halt talks with foreign companies

BY GUY DE JONQUIERES

A NEW senior management team was yesterday put in charge of ICL, Britain's troubled large computer manufacturer. The team immediately broke off talks about possible link-ups, which the company had been holding with a number of foreign competitors.

The management changes, which have been instituted at the behest of the Government, are intended to give ICL a chance to chart its own course to recovery and to forestall the threat of a predatory takeover by an overseas rival.

Mr. Christophor Laidlaw, aged 58, deputy chairman of British Petroleum, has been appointed full-time chairman of ICL in place of merchant banker Mr. Philip Chappell, who has resigned after only 15 months in the post.

The new managing-director is Mr. Robert Wilmot, aged 36, formerly managing director of the UK subsidiary of Texas Instruments, the big U.S. electronics manufacturer. Mr. John Gardiner, aged 44, chief executive of the Laird Group, has been named as a non-executive director.

Dr. Chris Wilson, ICL's outgoing managing-director, has agreed to remain on the board as an executive director in an unspecified capacity.

Mr. Laidlaw said yesterday that he aimed to restore ICL to profit within two years. The company would safeguard its customers' investment in its computers and would retain significant research, development and manufacturing facilities in Britain.

He said that although ICL had received no formal proposal for an association from any foreign manufacturer, it had become apparent that no acceptable arrangement that would suit ICL's shareholders, customers and employees was readily available.

ICL had been holding talks with Burroughs, Sperry Univac and Control Data, of the U.S., Siemens, of West Germany, Saint Gobain, of France, and at least one Japanese computer manufacturer.

Sperry said only last Friday that it was considering a proposal to merge its British computer subsidiary with ICL in a joint venture in which ICL would have been the majority partner. But the deal would have depended on ICL surrendering control of some of its overseas customer base and marketing network.

Mr. Laidlaw said that ICL intended to hold talks with other companies on possible associations and partnerships. But he wanted to negotiate from a position of strength and favoured links with companies operating in areas complementary to computers, such as data communications.

Mr. Wilmot will carry out a thorough review of ICL's operations during the next two to three months. His report will form the basis of the company's future product and marketing strategy.

Mr. Laidlaw said that he had not asked the Government for any further financial support, adding that a recent analysis of its finances had concluded that the £200m bank loan guarantee recently granted by the Government should be enough to cover its needs for the next two years.

But he indicated that he would be urging the Government to step up its aid for ICL's research and development programme and its purchases of the company's equipment.

He declined to give any undertaking that the recovery plan would avoid any further redundancies.

The new management's objectives were welcomed by Mr. Kenneth Baker, Minister of Information Technology at the Industry Department. He told the Commons that the management changes were fully endorsed by ICL's three principal shareholders.

These are the Post Office Superannuation Fund, the Prudential Assurance Company and Legal and General Assurance, which together own about 7 per cent of the company's shares.

Blacking threat to ICL contract, Page 9
Editorial Comment, Page 22
ICL steps back from precipice, Page 23
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Halewood workers strike over Ford discipline code

BY NICK GARNETT, LABOUR STAFF

FORD appeared yesterday to be facing a major confrontation with its unions over shopfloor discipline following the start of an indefinite strike at its Halewood site on Merseyside against the company's disciplinary code on unofficial stoppages.

All manufacturing will be at a standstill this morning at Halewood with almost 10,000 manual workers on strike in the body, assembly and press shops. The new Escort is made at the plant.

The company said last night it understood the unions wanted Ford to abandon its disciplinary code, introduced throughout the company in November in an attempt to combat unofficial stoppages, before they were prepared to return to work.

Mr. Ron Todd, Transport and General Workers' Union national organiser and leader of the Ford unions, said yesterday that Ford "could well be facing a major crisis.

"This is not just a Halewood problem and the issue is about the whole code itself," he said.

The code involves suspending unofficial strikers not only for the shift in which the dispute occurs but also for a further shift. As a consequence it can also lead to greater layoffs among workers not directly involved in the dispute.

It was brought in to try to stem an accelerating number of unofficial stoppages, particularly at Halewood since the start up of the new Escort lines there in the summer. It is also part of Ford's general drive to improve performance.

Mr. Todd and other union officials said when the code was introduced that although they understood the need for tighter discipline, the code was the wrong method.

The immediate trigger for the Halewood strike occurred on Wednesday when four workers in the body plant were suspended for refusing to work to standards which they claimed were not achievable.

Another group of workers walked out in protest and the company instituted layoffs. On Friday 3,000 night shift workers in the assembly and body plants decided to strike.

This was followed yesterday by a mass meeting of the 6,000 day shift workers who voted for an indefinite stoppage. Workers in the press shop also stopped work and transmission plant workers are due to be laid off from this morning.

The company said that by the end of today, production of 1,800 vehicles, based on output targets, and with a showroom value of £8-£9m will have been lost since Wednesday.

Leyland Vehicles review spending, Back Page.

Tube Investments' £10m loss

BY CHRISTINE MOIR

TUBE INVESTMENTS lost "about £10m" before tax in the first quarter of this year, largely a result of severely depressed trading conditions in bicycles and aluminium.

Sir Brian Kellett, TI chairman, unveiled the steep fall into loss at yesterday's annual meeting. The group made a profit of £2.5m in the second half of last year.

He also revealed that there had been a further 1,000 redundancies in the cycle business since the beginning of the year, in addition to the closure of British Aluminium's rolling mill in south Wales, already announced, and further redundancies in the machine tool business.

Short time working has affected a quarter of the 50,000 workforce throughout the first quarter.

Sir Brian reassured shareholders there were factors "which make the prospect rather better than this figure suggests." These included the reduction in interest rates, the weakening of the pound, particularly against the dollar, "reasonably well maintained" consumer spending and the general seasonal effects in the rest of the year for bicycle sales.

He also referred to tight cash management which had permitted the company to weather the recesion. Even taking into account the recent acquisition of King Fifth Wheel Company in the U.S. for £25m, group borrowings were still only 37 to 38 per cent of shareholders' funds, compared with 31 per cent at the year end.

Sales of assets during the year — including Bridgewater House, the London headquarters, for £10m — have more than covered the cost of purchases, Sir Brian said, adding that "we do not have a rights issue in mind at the moment."

The share price slid 10p to 196p after Sir Brian admitted that bicycle sales in the first quarter were only a third of those in the first quarter of 1981.

The gloomy picture was completed by his comparison of the aluminium business to the steel and steel tube industries—depressed sales, excess capacity and the pound's relative strength against European competitors.

TI has made it plain that it welcomed the chance to withdraw from steelmaking at its Round Oak steel works. Sir Brian said he expected "soon to agree a basis" on which Round Oak could be included in the British Steel Corporation's major rationalisation plan for the private sector steel industry.

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Mitterrand win sends Bourse into depression

BY ROBERT MAUTHNER IN PARIS

THE election of M. Francois Mitterrand, the Socialist leader, as French President was hailed yesterday as a great victory for democracy by his supporters, but it sent the bourse and the money market into an unusual state of depression.

No better illustration of the division of a nation into two separate communities could be found than the contrast in the reactions to M. Mitterrand's unexpectedly comfortable victory.

Only a few hours after the last revellers celebrating M. Mitterrand's victory left the Paris streets, the quotation of most French shares on the bourse was suspended because of panic selling and lack of buying orders.

Young people celebrating M. Mitterrand's victory—the final score was 51.75 per cent of the votes cast for the Socialist candidate against M. Giscard d'Estaing's 48.24 per cent—continued their noisy demonstrations throughout the night.

The tens of thousands of people who gathered on the Place de la Bastille and thousands of others who drove their cars, continuously honking their horns, along the embankments of the Seine and the Champs Elysees, created an atmosphere reminiscent of the July 14 (Bastille day) festivities.

Meanwhile, M. Mitterrand, who has returned to Paris from his Burgundy constituency of Chateau Chinon, has made no further announcement about his immediate intentions. The new President is due to take over formally from M. Giscard d'Estaing either on May 24 or May 26.

The doubt that has arisen over the exact date is due to a legal dispute about whether the outgoing President's term expires seven years after the official proclamation of the 1974 election results, or seven years after his inauguration at the Elysee Palace.

Shortly after his official inauguration, M. Mitterrand will appoint a Prime Minister to succeed M. Raymond Barre and is expected to announce the dissolution of the National Assembly. The subsequent general election will probably be held in two rounds on June 21 and June 28, though the dates have not yet been fixed.

The Gaullist RPR Party and M. Barre have already begun to take up positions with an eye to next month's parliamentary election. All the indications however are that the Gaullist-Centrist parliamentary alliance, which has suffered from bitter quarrels during M. Giscard d'Estaing's presidency, and which was stretched to breaking point during the presidential election, will find it difficult to re-establish a common front.

M. Barre spoke of the immense responsibility borne by supporters of the ruling coalition "who played double or quits with the fate of the Fifth Republic."

This was a clear finger pointed at M. Jacques Chirac, the Gaullist leader, whose endorsement of M. Giscard d'Estaing fell short of urging his supporters to vote for the outgoing President in the second ballot.

According to computerised estimates, between 15 per cent and 20 per cent of Gaullist voters either opted for M. Mitterrand in the second round or voted blank.

M. Barre added that he would join the camp of those who intend to remain loyal to the Gaullist principles of the Fifth Republic and warned the French people against a deterioration of the domestic and international situation of France as a result of the change in policies.

M. Chirac, for his part, clearly sees himself as M. Giscard d'Estaing's successor in the latter's role of leader of the present parliamentary majority. He proposed that the parties making up that majority should choose a single candidate for each constituency in the forthcoming general election to defend the values of the free society.

M. Giscard d'Estaing, who returned to the Elysee Palace yesterday morning for his last two weeks as President of the Republic, is credited by one newspaper with wanting to form a new Liberal Party, which would replace the current centrist grouping known as the Union for French Democracy (UDF). The outgoing President received the leaders of the main political groups supporting him one after the other.

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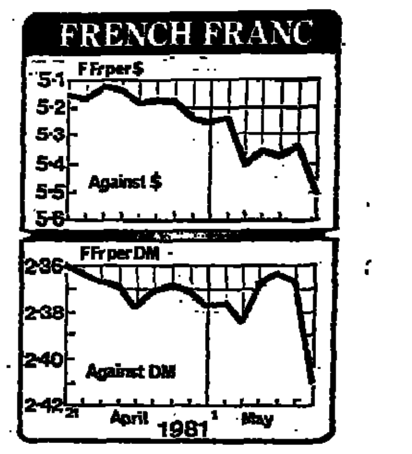
£ in New York

	May 8	Previous
Spot	$2.1200-1220	$2.1085-1100
1 month	1.47-1.57 pm	1.40-1.50 pm
3 months	3.85-3.95 pm	3.85-3.95 pm
12 months	10.20-10.40 pm	10.45-10.65pm



French franc falls sharply

By David Marsh

THE FRENCH franc fell sharply against the dollar and D-Mark yesterday as M. Francois Mitterrand's election victory sparked off heavy selling.

In a turbulent day on the foreign exchanges, further confused by another rise in U.S. prime rates, the French central bank was forced to make large intervention purchases of francs and to raise interest rates sharply.

The European Monetary System came under fresh strain as the French franc dropped quickly to its lowest permitted EMS level against the D-Mark.

The currency markets expect a realignment in the EMS before long to ease the pressure. There is an atmosphere of gloom about the future of Europe's currency stabilisation scheme following the weekend's political setbacks to the system's co-founders, M. Valery Giscard d'Estaing and Herr Helmut Schmidt.

The swing to the Left in France, and the further rise in prime rates to 19½ per cent from 19 per cent, spurred fresh international demand for the dollar.

The U.S. currency closed in London at a 10-year high of FFr 5.5025, up 3 per cent from Friday's FFr 5.3375. Against the D-Mark it finished at the highest for more than 3½ years at DM 2.2830, up from DM 2.2530.

Sterling rose against the Continental currencies, but finished 1.45 cents lower against the dollar at $2.1020. The pound's Bank of England trade-weighted index rose to 99.3 from 98.9.

The Bank of France, which already had to intervene substantially to steady the franc during the pre-election run-up, was estimated to have sold about DM 800m at the midday Paris fixing to keep its currency within EMS limits.

It sold further large amounts of dollars and D-Marks at other times during the day. Obligatory sales of the West German currency to prevent the franc dropping out of the EMS are adding to downward pressure on the D-Mark and worsening

Continued on Back Page

A CHANGE FOR EUROPE

Reluctant Gaullists a crucial factor

BY DAVID WHITE IN PARIS

USSEL is a small town of 11,000 people in the Corrèze region, deep in the heart of rural France. It boasts an old church and an aluminium foundry. Seven years ago its ballot boxes gave the edge, by 206 votes, to M. Giscard d'Estaing over M. François Mitterrand.

In the first round of voting two weeks ago, more than half the 6,034 votes cast went to Mr. Jacques Chirac, the Gaullist candidate who is also the local MP. On Sunday, in the final round, 54.5 per cent turned to M. Mitterrand.

The result at Ussel turned on what was perhaps the most crucial element of the election — the refusal of many Gaullist voters to rally round the Right and support M. Giscard, despite the backing given by M. Chirac.

In addition, it is clear that M. Mitterrand attracted the vast bulk of Ecologist Party votes—the only electoral block that did not fit into traditional left-right patterns—and that many of the extra voters who turned up at polling stations for the second round did so for the Left.

M. Mitterrand also benefited from solidarity among left-wing voters. He thus gained the votes of those who supported other left-wing candidates in the first round, including a disciplined Communist electorate, the 4.5m people who voted for M. Georges Marchais in the first round and whom he called out in support of M. Mitterrand in the second.

The remarkably consistent trend throughout the country was that M. Mitterrand picked up more votes than the total scored by the Left in the first round and in most cases more than the sum including the Ecologists. Overall in the first round the Left had polled 46.82 per cent and the Ecologists 3.88 per cent.

In about a quarter of the departments of metropolitan France M. Mitterrand won after a first round that had given a majority neither to the Right nor to the Left.

As M. Mitterrand gained votes, M. Gisgard lost some of the Right. This was especially apparent in M. Chirac's strongholds: Corrèze, the neighbouring areas of Cantal and Creuse, and in Paris, where M. Chirac is mayor.

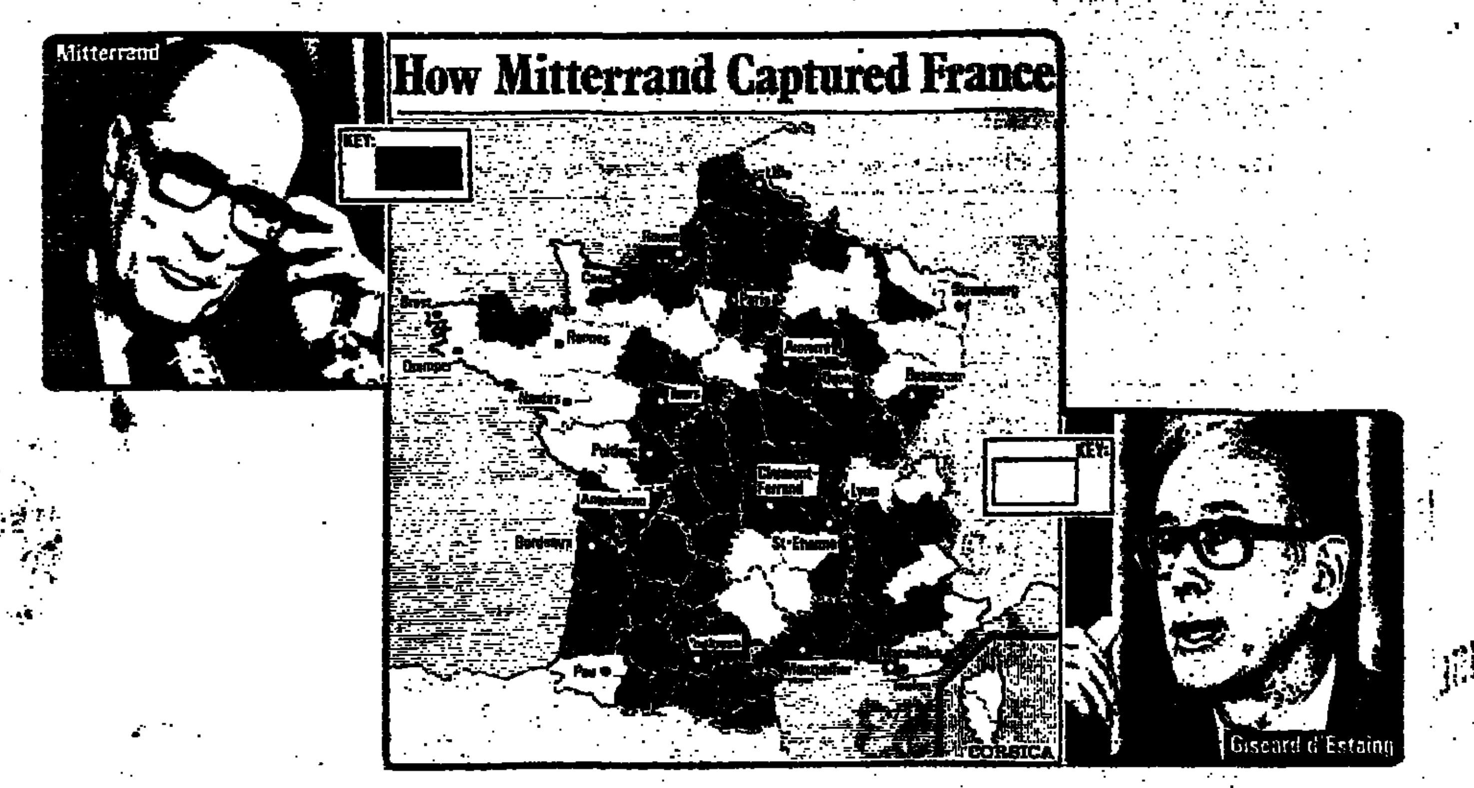
M. Chirac had increased the Gaullist socer to 18 per cent in the first round with a Reaganesque platform that attracted many malcontents. In the end, dissatisfaction with M. Giscard's Government carried the day with many despite M. Chirac's last minute warnings about the implications of a Mitterrand victory.

Out of 95 mainland departments, M. Giscard had, on paper, a ready-made right-wing majority in 40 after the first round. He lost in nine of them and in all but two of the remainder his advantage was whittled down.

The outgoing President gained in a few areas, but these examples were rare. For instance in La Rochelle, where the Right totalled only 38.6 per cent in the first round, M. Giscard managed to score 41.2 per cent, catching some of the large vote that went in the first round to the city's mayor, M. Michel Crepeau, candidate of the moderate left-wing Radicals. But even then it was less than he scored in 1974.

Geographically, the most noticeable trend in favour of M. Mitterrand came in Brittany, traditionally a bastion of the Right. The Socialists' growing influence in the West appears to stem from the rumbling discontent among the farming population.

M. Giscard had to look overseas for his most spectacular gains. He took the Indian Ocean island of La Reunion, the Melanesian territory of New Caledonia, and troubled Guadeloupe in the West Indies



Fears in Spain over Community entry

By Robert Graham in Madrid

THE Spanish Government and opposition are convinced that the Mitterrand victory will act as a further brake on negotiations for Spain's entry into the EEC.

M. Mitterrand's campaign statements about the need to protect French interests against Spanish entry have been viewed with concern in Madrid. This concern is all the greater in the wake of the attempted coup of February 23, as Madrid now wants to speed up negotiation.

Of immediate interest is the new French Administration's attitude towards the extradition to Spain of suspected members of the militant Basque separatist organisation, ETA. There are extradition proceedings against 22 persons under arrest in France. M. Mitterrand has hinted he might accord Basques political refugee status.

These points have damped Spanish Socialist and Communist enthusiasm for the victory of the Left in France.

'Burden of proof is on France'

BY DAVID BUCHAN IN WASHINGTON

PRESIDEN REAGAN was quick to fire off a telegram offering "warmest congratulations" to M. Mitterrand, but his Administration was yesterday scrambling in some alarm to assess the Socialist leader's victory.

Senator Charles Percy, chairman of the Foreign Relations Committee, reflected this concern, saying: "The burden of proof is on France now" to reassure Washington that it will continue existing political and trade ties. M. Mitterrand's victory put bilateral relations into "uncharted waters," the Senator said.

State Department officials said they did not believe French Foreign policy would be sharply changed. Of particular concern to the U.S. is the new President's attitude to the North Atlantic Treaty Organisation.

While M. Mitterrand is expected to keep France integrated into the alliance's political functions, but formally aloof from its military structure, U.S. officials believe he may not encourage growing co-operation between France and its NATO allies in joint military exercises and planning.

If, of course, the Mitterrand Government includes Communists in sensitive portfolios, then the U.S. might not mind a freeze on greater military co-operation.

M. Mitterrand is thought to be likely to take a frostier attitude towards Moscow than his predecessor, ironically in part to show that he is not beholden slavishly to French Communist electoral support.

The new President's views on Israel are much more in tune with President Reagan's, and to the extent that the French election takes steam out of the European initiative on the Middle East—seen here as hostile to Israel—it will be welcomed in Washington.

Richard Hanson writes from Tokyo: The Japanese Government is "not optimistic" about the policies, especially concerning trade, likely to emerge under the new French regime, officials said yesterday.

The Socialist victory apparently took Tokyo by surprise, perhaps because Japan has not seen a serious challenge by the local Socialist Party in more than three decades. The biggest worry is that Mitterrand's Government will adopt a more "inward looking" stance which could add to the already strained economic ties between Japan and the EEC in general.

Result may delay EEC decisions

By John Wyles in Brussels

M. Francois Mitterrand's election looks likely to have a major impact on the European Community and could delay important decisions on fisheries policy, national aid to steel industries and the restructuring of the EEC budget. Brussels does not expect major moves from Paris before the Assembly election at the end of June.

The European Commission itself will almost certainly be directly affected because of the probable departure of M. Claude Cheysson, the French Commissioner responsible for relations with the developing countries. He is widely tipped for a senior post in Mitterrand's government.

In the longer term, the commission leadership hopes that President Mitterrand will want to distinguish himself from his predecessor by giving a higher priority to the Community's internal development. The appointment of M. Cheysson as foreign minister would hold out some promise of this.

With the alliance between M. Giscard d'Estaing and Herr Helmut Schmidt now at an end, the Franco-German connection in the Community may be weakened.

Mrs. Thatcher, the British Prime Minister, will clearly have an opportunity now to develop useful political alliances with both Herr Schmidt and President Mitterrand

Rupert Cornwell adds from Rome:: M. Mitterrand's clear-cut victory will have considerable implications for the role of Sig Bettino Craxi, the Italian Socialist leader, who s trying to become the first Socialist premier in post war Italy.

Just as M. Mitterrand's ultimate success was probably ensured by the poor showing of the Communists in the first round, Sig Craxi hopes to gain by putting as much ground as possible between his party and the Italian Communists.

On the way . . . President Giscard d'Estaing leaves his estate accompanied by his wife.

Panic on the floor of the Bourse

BY TERRY DODSWORTH AND DAVID HOUSEGO IN PARIS

M. MITTERRAND'S victory hit the Paris stock exchange like a thunderbolt. "It was a nightmare," one dealer said of the tumult on the Bourse after dealing opened at 12.30 with a flood of sellers and no buyers. "They should have closed the exchange."

The French business community half expected M. Mitterrand would win but had turned a blind eye to what it did not want to see. Share prices had held up well throughout the campaign; yesterday there was panic. "It was as though everyone had been injected with a tranquilliser. This morning they woke up to the reality and what it means."

The frenetic activity on the Bourse matched equally hectic trading in the foreign exchange and money markets. With the franc trading at its lowest permitted level against the D-Mark in the European Monetary System, the Bank of France intervened heavily in its defence.

Later in the day, the bank also pushed up its key money market intervention rate from 13.5 to 16 per cent, in a move which is intended to increase interest rates across the board.

Small French savers were reckoned to have been mainly responsible for the flood of selling orders flowing into the Bourse. But foreign investors were also attempting to unload packets of shares, and some stockbrokers reported that several big French institutions were in the market to sell.

This surge of sellers left the market completely paralysed, forcing the authorities to suspend all but 15 shares out of the main 200 quoted stocks. No index was published for the day, but the Stockbrokers' Association produced a market indicator showing a 9 per cent drop on last week, when the index finished at 109.8.

The market "fixing" session, which determines the price of shares on the Bourse was one of the most dramatic in recent years. Brokers who had crammed into the main trading hall under the eye of scores of journalists and television cameramen, watched in despair as stock after stock as suspended. One by one, all the great names of French industry suffered the same fate.

Under the French system, these suspensions follow automatically once the price has fallen between 8 and 10 per cent below the previous trading session. Because there were no buyers for the massive selling orders, the Stockbrokers' Association were obliged to stop the attempts at trading for the day.

Yesterday's collapse is partly explained as a reaction against the buoyancy of the Bourse last week, when the index rose from 106.5 to 109.8. At that stage, many investors were still gambling on a victory for President Giscard d'Estaing.

But the degree of the fall, on what rapidly became known as "Black Monday," undoubtedly reflected the size of M. Mitterrand's victory. Many French investors felt that the Socialist leader would not get a clear enough Parliamentary majority to go ahead with his extensive nationalisation programme, even if he won the Presidency.

The panic is expected to subside after a day or two as the market digests the scale of the damage. "Just two and a half days," a broker said grimly. "On the third day, we rise again." More worrying for business is that over the long period of uncertainty that will extend through the legislative elections, few companies will have the courage to enter into new contracts.

Ambitious plans for taking over companies

BY OUR PARIS STAFF

M. MITTERRAND'S ambitious plans to nationalise a large section of French industry would sweep under the mantle of state control companies with a total turnover of more than FFr 250bn (£22bn) and employing almost 1m workers.

His schemes, however, have yet to be fully explained. All that is certain is that he entertains no ambition to stage a mass swoop. Nationalisation would take place gradually and then only with the proviso that the new National Assembly should approve the necessary legislation.

The names on the President-elect's shopping list include some of the most illustrious in the country. Dassault, the aircraft company which is already one-third state-owned, is earmarked for a full takeover. It employs 15,500 staff and has a turnover of FFr 10.7bn.

Also included are the biggest chemical company, Rhône Poulenc, employing 95,000 and turning over FFr 30.2bn. Biggest conglomerate on the list is the electrical equipment and electronics company, CGE, which turns over FFr 45.8bn and employs 170,000.

M. Mitterrand's plans depend on the outcome of the parliamentary elections, and details of nationalisation decrees would have to be negotiated.

The Socialist Party is committed to respecting constitutional provisions for compensating shareholders "fairly and in advance." These would possibly take the form of indexed state bonds.

Arms, aerospace and nuclear activities using state funds are also included in the plans. This would include a large part of Matra whose arms activities last year amounted to about FFr 2.2bn. The Socialists want to take a minority shareholding in the Peugeot motor group and to bring local authorities in as shareholders of private water utilities.

In the banking and insurance sector, already highly nationalised, the Socialists plan to take over all the remaining private institutions but not foreign interests or co-operatives.

M. Mitterrand confirmed last week that he would nationalise "all the banks."

The top 11 industrial groups named in the Mitterrand nationalisation plans are: Dassault, the aircraft group, (turnover FFr 10.7bn), Roussel - Uclaf, pharmaceuticals (FFr 5.3bn), Rhône - Poulenc, chemicals (FFr 30.2bn) ITT-France, telephone equipment (FFr 3.8bn), Thomson-Brandt, electronics and arms (FFr 36.5bn), CII Honeywell Bull, computers (FFr 6.3bn), Pechiney Ugine Kuhlmann, metals (FFr 38.1bn), Saint-Gobain, glass and diverse sectors (FFr 43bn), CGE (FFr 45.8bn), Usinor, steel (FFr 17bn) and Sacilor, steel (FFr 10.7bn).

The four who stand in line to be President's men

BY DAVID WHITE IN PARIS

THE TRANSITIONAL government team which M. Francois Mitterrand appoints for the interim period before parliamentary elections are held will be more a U.S.-style than French-style Cabinet, chosen from among the President's closest associates.

The Communist Party originally demanded ministerial posts from the start in the event of a Mitterrand victory. But since the Socialists' refusal to commit themselves on this, and more especially since the abysmal first round performance of M. Georges Marchais, the Communist candidate, the party is looking to the parliamentary election to gain leverage for its demands.

Four names have been widely cited as possible Socialist Prime Ministers, all combining standing within the party with a relatively favourable reputation in business or international circles:

Pierre Mauroy: Regarded as "the Pompidou of the Socialist Party," this 52-year-old former schoolmaster combines idealism with a down-to-earth approach.

Mayor of Lille, and for 20 years head of the Socialists' important base in that area, he has moved out of the party "majority" to head a moderate minority faction, and backed the other moderate leader, M. Rocard, for the presidential nomination last year.

But his previous role as a mediator earned him a special place in the party, and he has been M. Mitterrand's chief campaign spokesman. In Lille, he has long experience of working both with the Communists in local government and in business.

Michel Rocard: The best-known of these figures nationally, the 50-year-old M. Rocard should be able to claim an automatic place in M. Mitterrand's team although he did his best to run for President.

A product of the elite post-graduate National Administration School (ENA), he has been dubbed "the turbulent technocrat." A socialist student leader, he held civil service jobs in economic forecasting and accounting before taking over the small left-wing Unified Socialist Party, running as its Presidential candidate in 1969 and polling 3.6 per cent. He left the party in 1973 to join the mainstream Socialists.

An MP for the Yvelines region near Paris, he is a believer in the free market economy and his presence would do much to appease business.

Jacques Delors: Possibly an even better sop to business, this 55-year-old banker started his political career as adviser to the former Gaullist Prime Minister, M. Jacques Chaban-Delmas, in the aftermath of the troubles of 1968.

His previous career had been in the newly nationalised Bank of France after the war, and lecturer in management he has been running the international economic section of the Socialist Party, which he rejoined in 1974. He has gained some international stature through the European Parliament's economic and monetary committee.

Claude Cheysson: The 60-year-old EEC Development Commissioner's only drawback is that he has spent many years out of Paris. But, if not Prime Minister, he would be an obvious choice for the Foreign Ministry. A career diplomat, with a strong reputation in Africa as "father" of the Lome trade and aid agreement between the EEC and the developing world, he fits in well with the Third World concerns of the Socialist Party leadership.

Apart from these four, the President's men are also likely to include such figures as M. Jacques Attali, a high-powered economist and M. Gaston Deferre, the rusty, non-nonsense 70-year-old Mayor of Marseilles.

M. Claude Cheysson (left) and M. Michel Rocard . . . each a strong possibility for the Premiership.

W. Berlin poll throws FDP into confusion

BY LESLIE COLITT IN BERLIN

AFTER NARROWLY escaping extinction at the side of the Social Democratic Party (SPD) in Sunday's mayoral election in West Berlin, the tiny Free Democrat Party (FDP), which also partners the SPD in the national coalition, is agonising over whether to tape a step to the right which could alter the direction of West German policitics.

The FDP, which cleared the 5 per cent minimum vote hurdle by a mere 0.6 per cent, has to decide whether to join forces with the Christian Democrats (CDU), whose candidate, Herr Richard von Weiz Säcker, captured 47.9 per cent of votes but fell short of the necessary absolute majority.

The Social Democrats, who polled only 38.4 per cent, were handed their worst defeat in 33 years of rule in West Berlin with serious implications for Herr Helmut Schmidt, the West German Chancellor and SPD leader. Herr Hans Jochen Vogel, major figure in the SPD, immediately announced he would step down as mayor of West Berlin.

The dilemma of the FDP in West Berlin is whether to risk being wiped out in another election to break the deadlock later this year or to succumb to the lures of the CDU and unleash forces that could hasten the dissolution of the national coalition in Bonn.

West German attention is riveted on the Berlin party which is to hold a special congress on May 22 to decide its future. A key role will be played by the chairman of the West German FDP, Herr Hans-Dietrich Genscher, the Foreign Minister.

In a first reaction after the election, Herr Genscher did not rule out a coalition with the Christian Democrats in West Berlin. By contrast, the chairman of the Berlin party, Herr Jurgen Kunze, vowed to go down resisting such an alliance.

Herr Genscher is known to favour an alliance with whatever major party can assure the survival of the FDP. The danger to the party of shifting their political alliance in West Berlin is that the FDP could regain the image among voters it has sought to live down for more than 10 years—that of the "Umfallpartei," which changes sides whenever it is politically opportune.

The party gained this label in the 1960s under its then chairman, Herr Eriche Mende, who subsequently joined the CDU. His successor, Herr Walter Scheel, was instrumental in moving the FDP into its coalition with the Social Democrats. Only recently, Herr Scheel jolted the SPD when he speculated that perhaps the SPD-FDP coalition had outlived its purpose.

Herr Vogel, right, concedes defeat in a handshake with Herr Weizsächer, the CDU candidate.

The Chancellor loses a city and a friend

BY JONATHAN CARR IN BONN

THE RESULTS of the elections in F rance and West Berlin on Sunday have ushered in a new and yet more difficult era for Chancellor Helmut Schmidt's coalition Government in Bonn. They are a double blow at a time of international and domestic instability. For Herr Schmidt, the results are the worst possible outcome at the worst moment.

In his congratulatory telegram to the newly elected French President, M. Francois Mitterrand, Herr Schmidt said he would do all in his power to further Franco-German co-operation which is of decisive importance for Europe.

But it is felt here that with the departure of Herr Schmidt's close friend, M. Valery Giscard d'Estaing, and his replacement by a Socialist President, Franco-German relations cannot remain the same. That does not mean that relations will at once take a sharp dive, but it does imply that tensions are to be expected both in foreign and even in home affairs.

Bonn Government officials say that the change in France has come at a time of extreme difficulty—even crisis—in international affairs. The European Community faces great problems over its budget and farm policy in the second half of this year. East-West tension remains high, and the Polish situation unresolved. The Camp David initiative for a Middle East peace settlement appears to have come to a stop, and there is a new President in the White House whose policies on several key issues, including economic and monetary stability, are a source of European concern.

This is a situation in which Herr Schmidt saw his friendship with M. Giscard d'Estaing as of crucial importance. Any one of these areas of difficulty could lead to policy differences between France and Germany. In practice, it was hoped that continued close co-ordination at the highest levels could—as so often before — not simply prevent serious friction but result in a common approach. In EEC affairs above all, it has long been a Bonn axiom that without an initial basis of West German accord with France, the community cannot develop further.

This close co-ordination has become much less likely for both personal and policy reasons. Herr Schmidt's relations with M. Mitterrand have long been about as cool as his ties with M. Giscard d'Estaing have been close. There are fears that Paris may become harder to deal with on such issues as the EEC budget and state support for steel and other industries. It is also felt that if M. Mitterrand pursues the expansionist economic course he has already outlined, French inflation will rise sharply, threatening the franc within the European Monetary System and perhaps even the system itself.

There are also fears in West Germany over possible Communist influence, either direct or indirect, within the new French administration—despite the poor performance of the French Communists at the polls. It is emphasised that any suspicion of such influence would lead to a cut in contacts between Bonn and Paris on issues of the greatest sensitivity, including defence.

Finally, M. Mitterrand's victory is felt likely to increase tensions further within Herr Schmidt's ruling Social Democrat Party (SPD) and further weaken the coalition with the liberal Free Democrats (FDP). Already there are strong elements in the SPD pressing for more state intervention in economic policy to help curb unemployment. The Socialist victory in France and the pursuit of such a policy there are bound to hearten these SPD elements and widen their rift both with the party moderates (of whom Herr Schmidt is one) and with the SPD's liberal partner. The upshot would be yet more coalition bickering and a further increase in the appeal of the Right.

The results of the West Berlin election have made this more likely still.

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OTHER EUROPEAN NEWS

Diana Smith writes from Lisbon on an industrial project that will not give up

A Portuguese monument to perseverance

IN THE middle of the reservoir which will supply water for Portugal's $3bn industrial complex at Sines—an area once dotted with farms—a tiny farmhouse still perches on a high mound. Its owner refused to be bought out, warding off with his ancient rifle all attempts to coax him to leave. So the area was excavated around him and the waters are slowly rising. He is marooned on his private monument to rugged individualism and perseverance—like the Sines project itself.

Industrial projects on a grand scale hardly seem compatible with Portugal's modest size and largely undeveloped natural resources.

But in the late 1960s, the imported oil on which Portugal wholly depends was cheap. A team of ambitious young men devised a grandiose future for the sleepy southern Alentejo fishing port, founded on a 10m tonne-a-year oil refinery, and a 300,000 tonne-a-year steam cracker, with up to 12 downstream petrochemical plants.

Since the quadrupling of oil prices in 1973-74, arguments have raged over whether to cancel the plan or not. Sr. Ricardo Cabrita, chairman of the National Petrochemical Company always insisted that Sines was viable given time and adequate finance. His arguments prevailed, another victory for obstinacy.

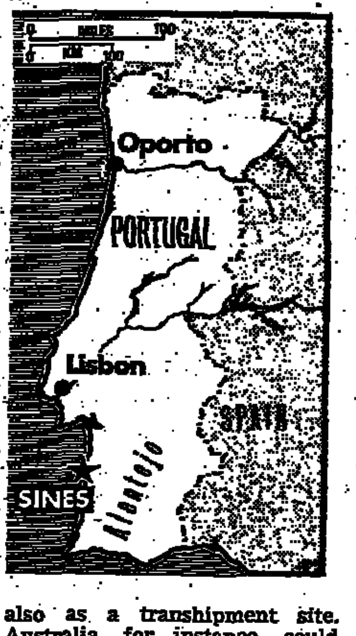
Sr. Cabrita roamed Europe and the U.S., a small pugnacious figure, drumming up confidence and finance and coaxing CDF Chimie of France into a joint venture with National Petrochemical for three downstream plants to produce polypropylene and low and high-density polyethylene.

If the dreams are all fulfilled, Sine will one day provide jobs for a wide range of skills, ending the mass migrations of workers from the Alentejo industrialised European countries. The long-range projection is that Sines will create 40,000 jobs.

The oil refinery has been built. In 1980 it worked at 60 per cent of capacity. The steam cracker is about to start up, as are the three joint-venture petrochemical plants. The steam cracker, one of the most advanced in the world, has suffered problems with its master computers, but these have now been solved.

The arguments over whether Sines is too big and whether it can ever pay for itself in a country totally dependent on imported feedstock are unlikely ever to subside. But the project is there. Grudgingly or enthusiastically, maximum use must be made of its potential.

This could mean using the port not just to import oil but also as a transhipment site. Australia, for instance, could export more coal to Europe if it could be brought from Australia in large bulk carriers and transhipped to smaller vessels in Europe.



Sines has the capacity. Its 1,300-metre jetty will be able to take vessels of up to 500,000 dwt, and there is room to build large bulk terminals.

But the jetty has problems. It has been tacitly recognised that original specifications given to the Italian builders, Condotte d'Acqua, did not provide for the effect of winter storms. Two years ago, in a fierce winter gale, giant waves destroyed part of the jetty. While the repairs are being made, the jetty can take vessels of only up to 150,000 dwt.

Sines's proximity to the iron ore reserves of Aljustrel, recommend it as a site for ore cleaning and processing units supplying the expanded steel mills of Seixal, south of Lisbon. At the same time, the authorities still hope that a hesitant Ford Motor Company will pick Sines as the site for a large plant and that, as Sines is more fully understood at home and abroad, a diverse range of manufacturers will set up plants.

Once the full range of petrochemical plants is built — for vinyl chloride, polyvinyl chloride, acrylonitrile, styrene and polystyrene, butadiene and synthetic rubber — Portugal's growing consumption of plastics can be met domestically, foreign exchange can be saved and large surpluses will be available for export—even if the raw material, oil, must always be imported at unpredictable cost.

Whatever the success or failure of Sines, the fishing port can never be the same. Bulldozers and earthmovers roar along the waterfront where fishermen once mended their nets. But the local ancients, in their check shirts and ragged trousers, seem to have adapted, especially since they can rent their cottages at high prices to free-spending young technicians.

Probably only industrial architects would claim that refineries, petrochemical plants and factories are things of beauty, and it takes an effort to accept them in such a serene location.

But the Sines Bureau, that runs the project, has imposed standards of environmental protection far stricter than European Community or United States norms. Water and waste treatment is handled by highly sophisticated and expensive equipment.

A bird sanctuary which serves as a stopover for migrating species on their way to or from Africa has been carefully preserved, as have other green areas. Important Bronze Age archaeological sites and the ruins of Roman settlements are supervised by a full-time archaeological staff. And in the shadow of the steam cracker, nestle vineyards and a 1,000-year-old chapel — a truly Portuguese touch.

Terrorism fear after Frankfurt killing

By Roger Boyes in Bonn

THE ASSASSINATION of a West German Regional Minister yesterday has raised fears of a new wave of terrorist attacks against leading politicians and business personalities.

Herr Heinz-Herbert Karry, Economies and Transport Minister, of the state of Hesse, was shot in bed early yesterday and died soon afterwards.

Herr Hans Dietrich Genscher, the Foreign Minister and chairman of Herr Karry's party, the Free Democrats, broke off a trip to London to fly back to Germany. One of his tasks will be to find a successor to Herr Karry, who played a key role in Hesse's embattled Social Democrat-Free Democrat coalition.

The general prosecutor's office is investigating whether a terrorist organisation was responsible and a local criminal investigation bureau stressed that the killing showed signs of careful planning.

These were the hallmarks of terrorist shootings in 1977 when prominent bankers and business representatives were assassinated by members of the Red Army Faction (RAF), also known as the Baader-Meinhoff group.

Federal authorities have been expecting some form of terrorist violence since the death last month of Herr Sigurd Deebus, an imprisoned member of the RAF who had been on hunger strike. The immediate reaction took the form of relatively harmless street protests and badly organised fire bombings.

U.S. expected to press allies for bigger defence effort

BY BRIDGET BLOOM

THE U.S. Defence Secretary, Mr. Caspar Weinberger, is expected to urge European members of the North Atlantic Treaty Organisation to step up their defence effort when the last in the current series of Nato meetings opens in Brussels today.

The meeting follows close on the heels of last week's Nato Foreign Ministers meeting in Rome, at which the U.S. committed itself to nuclear arms talks with the Soviet Union. It is expected to set targets for improving the 14-member alliance's military preparedness in the face of what the U.S. Administration sees as a growing Soviet threat.

In particular, the Defence Ministers gathered at Nato headquarters are expected to update Nato's secret defence guidelines, which lay down spending and other goals for the next seven years.

Central to the debate is expected to be the relevance of the target of an annual 3 per cent real increase in defence spending which was agreed four years ago. Almost all European members have had difficulty in reaching the target—next year, Britain plans an increase of less than 1 per cent.

But while Mr. Weinberger is expected to elaborate his view that the target is too rigid, he may cause friction among his allies as he argues that Europe must do more to improve its overall contribution to the alliance's defence.

The main political interest of the Defence Planning Committee, however, is likely to be whether (and in what terms) Mr. Weinberger reaffirms last week's pledge by Mr. Alexander Haig, U.S. Secretary of State, on the resumption of nuclear arms control talks with the Soviet Union.

Mr. Weinberger is widely believed to feel that arms control negotiations must take second place to what he perceives as the overriding need for the U.S. to catch up with the Soviet Union in both conventional and nuclear weapons. He expressed these views to NATO Ministers only a month ago at the Bonn session of the Nuclear Planning Group, when he compared the "steady and sustained build-up," which the Soviet Union had achieved over the past decade of "detente" with the decline in military readiness of the U.S. and its allies.

In Bonn, the Defence Secretary noted that the U.S. would lose "a critical public support" if its own defence effort—envisaging an increase in defence spending of well over 3 per cent—was not matched by that of its European allies.

But while a number of European governments endorse in principle, the need to rearm the alliance, they are worried that Mr. Weinberger's commitment to arms control talks might be less firm than that of Mr. Haig. They fear that his apparently greater influence with President Reagan could still undermine the chances of negotiations on European-based nuclear weapons before the end of this year.

It is not clear whether Ministers will further discuss the positioning of the medium-range Cruise and Pershing 2 missiles which are to be based in five European countries from 1983.

WHO baby food code worries manufacturers

BY BRIJ KHINDARIA IN GENEVA

A GROUP of 14 large food companies, responsible for 85 per cent of baby food sold in developing countries, has expressed concern over an international regulation proposed by the World Health Organisation to completely ban market promotion of their products.

The WHO is seeking approval at its annual assembly in Geneva of an international code which would ban all advertising of baby food, and would severely limit information materials sent to doctors and health staff.

It would also forbid distribution of free samples and the award of prizes to salesmen for better performance. The code's aim is to prevent marketing methods from persuading mothers to stop breast-feeding their infants. Baby food sales are estimated at about $2bn (£933m) a year.

The International Council of Infant Food Industries which includes European, Japanese and American companies, fears that the code, in its present form, will do more harm than good.

The council's president, Mr. Ernest Saunders, said neither doctors nor mothers would be able to take informed decisions because of the blanket ban imposed by the proposed code.

"In developing countries, millions of mothers are just too under-nourished to be able to nourish their infants adequately. Many mothers are unable to breast-feed their babies for health reasons. Industry has the responsibility to provide them with safe and nourishing products," he said.

Referring to a curb placed by the code on instructions for use given to mothers and on labels normally used on tins, Mr. Saunders said: "No responsible company can take the dangerous risk of selling products without proper instructions and without adequate labels.

"The breast versus bottles controversy is a false one because infant foods are most often used to supplement breast milk and not to replace it," he added.

Delegations from European Common Market countries and the United States are believed to feel that the WHO, a specialised health agency, should not become involved in regulating international business. A separate United Nations agency, the Commission on Transnational Corporations, is already preparing a code of conduct for multinationals. It is also thought that the WHO code's provisions may conflict with domestic regulations and constitutional obligations in the U.S. and EEC countries.

The delegation are also understood to believe that an international code which did not have the backing of the industries concerned and was not supported by all WMO member countries, would be unenforceable. Nor could it help to solve the problems facing Third World mothers and infants—malnutrition and poor health services.

South-east Asian countries are believed to hold that national codes created in close co-operation with industry might be a better means of protecting mothers. Malaysia and Singapore already have such rules.

Judgment soon on BL cash aid

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission's judgment on whether to approve the British Government's latest cash injection for BL, worth £990m, will be based on whether it looks likely to turn the troubled company into a viable operation.

The first public indication of the Commission's approach was offered yesterday by Mr. Frans Andriessen, the Commissioner responsible for competition policy, in remarks which are bound to reassure both the company and the British Government.

Neither believe that there is any problem about justifying the 1981-82 financing on this basis since it is part of a restructuring programme designed to restore the company to profitability.

The Commission's scrutiny of the aid programme is regarded by the British as necessary, but not as a threat. The Commission is aware of the tremendous political importance of BL's survival and of the huge closures and redundancies which have already taken place to achieve it.

Inquiry into Italy's P-2 lodge

By Rupert Cornwell in Rome

ITALY'S Government has ordered a full inquiry into the activities of P-2, a politically influential and ultra-secret lodge of Freemasons, to determine whether it constitutes a secret society of the type banned by the country's constitution.

The committee, which consists of three prominent jurists, is to report back within three months, in the hope that it will throw light on the suspicions and allegations surrounding P-2. Various investigations into the organisation's operations are already being carried out by magistrates in Rome and northern Italy.

The Grand Master of P-2 is a Si Licio Gelli, an honorary consul for the Argentine, whose whereabouts are unknown at present. In recent weeks, however, police acting on the orders of magistrates have searched P-2 offices both at Sig Gelli's home in Arezzo and elsewhere.

The lodge is only one of 500 or so involved in the Grand-Orient, Italy's most important freemasons association, with a reputed membership of 18,000. Grand-Orient's own headquarters in the capital were raided in connection with P-2 investigations last week, and Carabinieri police confiscated various documents, including, it is reported, a list of several hundred prominent people belonging to the organisation.

The police raid in Arezzo was carried out in connection with an inquiry under way by magistrates in Milan and Brescia into alleged illegal currency exports by Sig Roberto Calvi, president of Banco Ambrosiano and head of one of Italy's largest privately-owned banking groups.

Controversy over the Calvi case led indirectly last month to the resignation of Sig Ugo Ziletti, vice-president of Italy's higher magistrates council, amid suggestions that he improperly helped the banker to regain his confiscated passport. Sig Ziletti has denied the allegations.

The activities of P-2 have come under judicial scrutiny in the past, during inquiries into a train bombing in 1974 and the murder of a magistrate, Sig Vittorio Occorsio, two years later. Both actions were believed to be the work of right-wing extremists.

Dubai offers oil partners £250m unused drydock

BY KATHLEEN BISHTAWI IN ABU DHABI AND MARY FRINGS IN BAHRAIN

THE BIGGEST drydock in the world—a £250m British-built complex in Dubai—is being offered to new operators without ever having being used.

Dubai Government officials yesterday confirmed that the Dubai ruler, Sheikh Rashid, is trying to offload his three-berth million tonnes facility to the Organisation of Arab Petroleum Exporting States.

The drydock, officially opened by the Queen in early 1979 and built by a consortium of Costain and Taylor Woodrow, was the first of Dubai's ambitious industrial ventures spawned by the 1973-74 oil boom.

But for more than three years now, Dubai has been negotiating with the South Wales ship repairers, C. H. Bailey, about operating the facility. For more than year, Dubai Government officials have been saying that agreement is in sight.

C. H. Bailey said last week that negotiations with Dubai were still continuing but emphasised that remedial work on the dock was being carried out and was unlikely to be completed by the end of the year. The company had not been informed of the offer to turn the dockyard over to OAPEC, a spokesman said.

However, at last week's OAPEC conference in Kuwait, Dr. Mana Said Al Oteiba, UAE Oil Minister, suggested that the docks be handed over to OAPEC.

The move has taken even the Dubai Ruler's closest advisers by surprise. Consultants advising Dubai on the contract condition with C. H. Bailey say that negotiations were almost over and that the text of an agreement was being drawn up by local lawyers when the OAPEC move was made.

OAPEC already owns the Asry dry dock in Bahrain which is operated under a management contract by the Portuguese firm of Lisnave. The Asry facility is a one-berth dock capable of handling ships of up to 450,000 tonnes, and has for some time been turning away custom because of full order books.

Despite this, OAPEC has tended to view the facility as a strategic necessity rather than a profit-making exercise.

At the Kuwait conference last week, a committee consisting of Bahrain's Industry Minister, Mr. Yousuf Shirawi, and Dr. Oteiba, was set up to study the possibility of joint operation of the two facilities.

While observers in Dubai have felt for some time that C. H. Bailey's negotiations with the Ruler were "going cold" Dubai Government officials say the Cerdiff ship repair group is not totally out of the picture because of the approach to OAPEC.

A sense of urgency has crept into negotiations about the Dubai dock's future. Both Gulf docks are interested in repairing the battle-scarred ships lying in the Shatt al-Arab waterway between Iran and Iraq.

The offloading of the dry dock is being interpreted in Dubai as yet another sign that the Dubai Ruler is trying to clear his decks. Over the last few months, Sheikh Rashid has paid off all his foreign loans which at one stage amounted to \$2.7bn (£1.2bn).

Libya 'takes sides in Chad split'

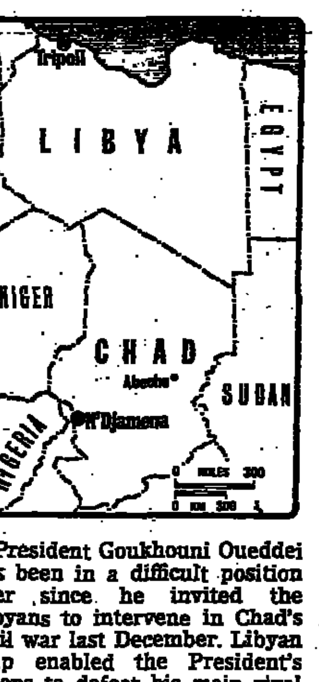
BY MARK WEBSTER

LIBYAN TROOPS are backing one of the warring factions within Chad's transitional government in renewed fighting near the Sudan border, according to reports from N'djamena and Paris.

The Libyans are said to be giving their help to Mr. Ahmet Acyl, the Foreign Minister, in fighting in the town of Abeche between his men and those of President Goukhouni Oueddei, leader of the transitional government.

The reports say that some of the estimated 12,000 Libyan soldiers in the country are giving their support to Mr. Acyl who has long been Tripoli's most outspoken ally in Chad—possibly with a view to making him the country's next Head of State.

At the same time, the latest indications from the capital N'djamena are that the Libyans have pulled back from the town and airport to a base some 40 miles away at Dougia.



President Goukhouni Oueddei has been in a difficult position ever since he invited the Libyans to intervene in Chad's civil war last December. Libyan help enabled the President's troops to defeat his main rival Hissein Habre and drive him out of the country.

But President Goukhouni has tried to loosen his ties with the Libyans by seeking alliances among African nations, especially Nigeria, which are anxious to get Libyan troops out of Chad.

Observers in Paris and London believe that Libya may be lining up the ambitious Mr. Acyl as an alternative President, should Mr. Goukhouni prove too difficult.

President Goukhouni is hampered by the fact that he has only a small number of Toubou nomad troops loyal to him, while Mr. Acyl's forces have been armed and trained by the Libyans.

African nations have failed to agree on a formula which would enable a Pan-African peacekeeping force to replace the Libyan troops. The two sticking-points have been funding the force and its composition.

Kuwait oil revenues 'to rise 11%'

BY OUR FOREIGN STAFF

KUWAIT'S OIL revenues are expected to rise by about 11 per cent to Kuwaiti dinars 4.9bn (£8.3bn) under the budget proposed for the new financial year beginning in July, according to the local daily Al-Rai al-Aam.

In the current financial year, oil revenues were budgeted at KD4.5bn. At the end of last year, reserves were estimated at \$67bn (£30bn).

The newspaper said that spending in the next budget, to be presented to the parliamentary economic committee next week, is put at KD3.03bn. This includes KD1.5bn for the Fund for Future Generations, KD674m for the government's reserve, and KD75m for the Kuwait Fund for Arab Economic Development.

Second Gandhi son enters politics

By K. K. Sharma in New Delhi

MR. RAJIV GANDHI, 36, the only son of Prime Minister Indira Gandhi, yesterday formally entered Indian politics by announcing his candidature for the Amethi constituency Parliamentary by-election to be held on June 14.

He will contest as the official candidate of Mrs. Gandhi's Congress (I) party. He now becomes heir apparent and is almost certain to succeed her as party leader.

Rajiv will be contesting the seat that fell vacant last June when his controversial younger brother, Sanjay, died in an air crash. He has, since then, been under heavy pressure from his mother, senior Congress (I) leaders and their followers to enter politics.

Rajiv has taken almost a year to make a formal decision to join politics and is bound to stir up a controversy over what many consider is Mrs. Gandhi's bid to introduce a dynastic rule in India. Mrs. Gandhi is the daughter of the late Mr. Jawaharlal Nehru who was Prime Minister from Independence in 1947 to his death in 1964.

Until his death last June, Sanjay had established himself as a powerful politician. Until then, his elder brother, Rajiv, had shown absolutely no interest in politics. He worked for the domestic Indian Airlines as a commercial pilot.

U.S. accused on 'Diego Garcia nuclear base'

By Our Abu Dhabi Correspondent

INDIA's Prime Minister, Mrs. Indira Gandhi, has accused the U.S. of deciding to keep a stock of nuclear weapons on the Indian Ocean island of Diego Garcia.

Speaking to the official Emirates news agency, she said that the U.S. move had been "taken before the Afghan crisis."

The 15-mile-long island in the Indian Ocean was leased from Britain to the U.S. to serve as a rear base, and under the terms of the agreement, such a move would have to gain British approval.

Mrs. Gandhi said that total neutrality in the Gulf was impossible to achieve, but at least an effort should be made towards this end.

She arrived in Abu Dhabi yesterday from Kuwait for a three-day visit to the Emirate.

EGYPTIAN WAGE REFORM

Sadat gives workers their rises

BY ALAN MACKIE IN CAIRO

"SADAT'S May Day present to all workers" was how Egypt's Government newspaper Al Ahram headlined wage rises announced earlier this month, and for the first time, the workers were not disappointed.

For many on fixed incomes, the E£500m (£333m) which the Government is putting into their pockets in the form of wage increases ranging from 20-60 per cent, marks the first substantial improvement in their living standards since President Sadat came to power 10 years ago. The chief beneficiaries of the wage rises would, before the rises, have been earning about £40 a month.

What to do with Egypt's 3.5m public sector and Government employees has been a chronic headache for the authorities.

The aim when Mr. Sadat launched his "open door" policy in 1974 was to develop a dynamic private sector that would create productive jobs, and act as a catalyst for a more competitive public sector.

A policy of "benign neglect," was instigated, allowing inflation to erode the real value of public sector wages and squeeze people into more productive employment.

But for most, there were no jobs to go to. The labour market was unable to cope with 500,000 youngsters looking for first time jobs each year, let alone tackle the pool of semi-employed people in the public sector.

In May last year, this policy was ditched when there were signs that Mr. Sadat's already brittle popularity with the urban working classes—the main beneficiaries under President Nasser—was beginning to snap.

President Sadat ordered a price freeze. The blitz had some effect. The official inflation rate which had been running at an annual rate of near 50 per cent before the freeze has come down to about 17 per cent, although taken with the growth in money supply, it is nearer 25 per cent.

Furthermore, the latest round of wage rises has been tied in with another attack on prices and heavy subsidies in the belief that by putting more purchasing power into people's pockets, productivity will rise.

However, this argument ignores the high level of disguised unemployment in the public sector.

There is, too, a financial cost, although it is difficult to determine. The Government's food import bill rose a staggering 50 per cent last year, but it will be another six months or more before it is clear whether this was a once-for-all increase involving a large element of stock replenishing or a genuine change in consumption patterns. The subsidy bill is also rising sharply.

On the other hand, foreign exchange earnings, principally from oil, continue to exceed expectations,

So long as the oil revenues keep rising, the possibilities for window-dressing, the economy for domestic eyes will be many—and the temptations correspondingly great.

Airlines seek government rethink on U.S. air policy

BY IAN HARGREAVES IN NEW YORK

FIVE LEADING U.S. airlines have demanded a moratorium in the take-up of new route rights by foreign carriers as part of a campaign to reverse the liberal trend in international air regulation set by the Carter Administration.

In a document prepared for circulation in the Administration and Congress, the airlines say their survival is threatened by unfair competition from state-subsidised foreign carriers.

They cite their collective losses on international business of \$152m (£70.8m) last year and say there will be more lay-offs and that their fleets will continue to fall behind in modernisation compared with competitors.

Higher fuel prices and weaker demand were factors, but the document maintains that the single most important cause "was the international aviation programme pursued by the prior administration."

Pan American World Airways, Trans World Airways, North-west Airlines, Braniff International and Flying Tiger Line are responsible for the 36-page report. Together, these carriers account for 85 per cent of international traffic carried by U.S. airlines.

The five say they are "in the worst financial crisis in their history," which has led to big cuts in employment and fleets.

Internationally this is particularly galling because the American companies have watched as Air France, KLM, Lufthansa and Japan Air Lines have increased employment and market share.

Since 1970, the report says, the U.S. share of worldwide international traffic has fallen from 27.7 per cent to 19.7 per cent. Iin the last three years, during which the impact began to be felt of the Carter policies, American flag share of the trans-atlantic market dropped from 45.4 per cent to 42.1 per cent.

The heart of the American carriers' complaint is the feeling that foreign governments are subsidising their airlines through the American airlines' crisis.

At the same time, they say, the Carter Administration's airline deregulation policy, applied to the international situation, has resulted in foreign carriers gaining extensive service rights to American cities. In return, American carriers have been grainted meaningless privileges in foreign markets or simply seen their cause neglected.

The report charges that in viewing international markets as "a mere extension of domestic markets," the deregulation ploicy "erroneously assumed a truly free market existed" overseas.

Such a market, they say, is negated by heavy direct and indirect usbsidies, for example by Britain and France to the Concorde.

Foreign governments have been allowed to discriminate blatanly against U.S. carriers in their own countries, by, for example, charging them unfair landing fees, denying them full access to computerised ticketing systems in France, West Germany and Italy and insisting that U.S. carriers use state-controlled infrastructure for services such as baggage handling.

In spite of these inequities, which the previous and present Administration are said to have more or less ignored, U.S. government officials since 1977 have traded away valuable U.S. service rights on the basis of "the naive idea that each country should permit carriers of other countries to fly as much service as the carriers deem appropriate over whichever routes they please."

U.S. Steel price rise surprises industry

By Our New York Correspondent

U.S. STEEL, the largest American steel company, yesterday posted its first across-the-board increase in steel prices since early 1978.

The increase, expected to be followed by other steelmakers soon, presumably indicates confidence about the strength of demand in the second and third quarters of the year, when the changes will take effect.

U.S. Steel said the effect of the increases would be a 4.4 per cent rise in its steel division's revenues. Increases on several products will be much greater than that and have taken the industry by surprise.

On cold reduced sheet, for example, used in car manufacture, the company proposes almost a 10 per cent increase on the list price of \$463 (£215.9) per ton. Carbon steel bar prices, used in construction, currently a weak sector, will rise by 12 per cent.

Economists have been nervous about the outlook for the U.S. economy for several months, but the steel industry's experience has been that demand has picked up steadily since late last year.

Fed policy causes concern

By Peter Montagnon in Basle

EUROPEAN central bankers' meeting at the Bank for International Settlements said they were resigned to the probability of U.S. interest rates remaining at uncomfortably high levels for the immediate future.

Commenting on last week's increase in the Federal Reserve discount rate, they said they were increasingly concerned about the volatile movements of interest rates on the other side of the Atlantic.

The discount rate increase triggered abrupt rises in the Federal Funds rate and in prime rates, causing the dollar to surge ahead on foreign exchange markets.

Some European central bankers said they felt the Federal Reserve Board was reacting too strongly to short-run changes in the weekly money supply figures. After a large rise reported ten days ago, money supply fell sharply in the latest statement week.

They stressed they supported U.S. efforts to curb inflation and pointed out that this was hardly compatible with an easier monetary policy.

IMF secures \$1.3bn loan from central bankers

BY OUR FOREIGN STAFF

CENTRAL BANKS of the world's leading industrialised countries, with the exception of the U.S., have told the International Monetary Fund they are willing to lend it 1.1bn Special Drawing Rights (\$1.3bn) to boost its flagging liquidity.

The message was conveyed to Mr. Walter Habermeier, IMF treasurer, at the central bank governors' monthly meeting at the Bank for International Settlements (BIS) in Basle.

The U.S. has declined to participate in the credit on the grounds that it would be impossible to obtain the necessary authorisation from Congress, and for fear of jeopardising further its relations with the World Bank, which has been rebuffed in its efforts to obtain U.S. financial support.

Mr. Habermeier had flown to Europe to speed up the talks on the credit now Saudi Arabia has agreed to lend the IMF SDR 4bn this year and a similar amount in 1982.

The central banks, which have been asked to provide the money rather than the finance Ministries of the countries concerned, have been less than enthusiastic to do so.

Some technical details still have to be worked out, but the timing of their positive reply is important. It allows the fund to be sure of satisfying its needs before the meeting of its interim committee, due to take place in Libreville, Gabon, in two weeks.

Reservations about hte credit came from some central banks of countries running current account deficits and anxious to deter capital exports. Others were uncertain about the legality of lending direct to the IMF.

In these cases, a compromise has been reached. Some countries will pass the transaction through the Bank for International Settlements by depositing funds with the BIS which can then re-lend the money to the IMF.

It is understood the BIS will be involved in handling roughly half the total amount. The remaining SDR 550m would be direct lending from central banks to the IMF.

A further problem is believed to have arisen in the case of Switzerland. Its central bank would prefer to pass its share of the transaction through the BIS, but has been worried about the size of the commission the BIS would earn on the deal.

U.S. crude oil prices fall again

By Paul Betts in New York

THE GLUT in the international oil market and the dramatic change in supply and demand on the U.S. domestic market has led to further declines in U.S. crude oil prices.

Cities Services and Phillips Petroleum, both among the top 20 U.S. oil companies, yesterday reduced by \$2 a barrel the price they are willing to pay for U.S. crude oil.

Cities Services is seeking to renegotiate the price it pays for oil supply contracts involving 25,000 barrels a day of crude from the British National Oil Corporation and 20,000 barrels a day from Mexico.

In view of the oil market glut, a number of major U.S. oil companies are seeking to renegotiate prices for outstanding supply contracts with foreign producers which are generally reviewed every quarter.

The move by Cities Services and Phillips was a surprise because most oil industry analysts had expected U.S. oil companies to postpone action on domestic crude prices until the outcome of Opec's meeting in Geneva this month.

Reagan set for second victory over budget

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

THE U.S. Republican-controlled Senate is expected to hand President Reagan a second conclusive victory today by approving a budgetary regime very similar to that carried by the House of Representatives last week.

The stage then would be set for a long summer of controversy of the implementation of the spending cuts and, in particular, Mr. Reagan's proposal to cut taxes by nearly 10 per cent a year over the next three years.

There is general consensus that the prospects of a tax bill to the President's liking being passed into law are much improved after last week's House triumph on the Budget, although not to the point where approval can be guaranteed.

Much depends on two factors in the months ahead: the state of the economy and the ability of the opposition Democrats to rally their bruised forces.

The two are connected. The basic Democratic argument is that it would be unwise to lock the country into an economic policy that may turn out to be dangerously expansionary. They say many of the 63 Democrats who defected to Mr. Reagan's cause last week share this view and so do several moderate Republicans in both chambers.

The party leadership, however, is going to have to put on a much better show if the Democratic alternative is to gain wider acceptances in Congress than its budget package did last week.

What Democrats want is a one-year tax cut in the \$30bn-\$40bn (£13.9bn-£18.6bn) range rather than the \$50bn-plus envisaged by the first year of a Reagan tax cut, with the benefits targeted on personal and corporate taxes instead of principally across-the-board.

The House ways and means committee, the tax-writing body under the chairmanship of Congressman Dan Rostenkowski, the Illinois Democrat, will begin work on the tax bill this month. Mr. Rostenkowski said over the weekend he is prepared to be flexible in negotiations with the Administration. Mr. Donald Regan, the Treasury Secretary, responded that he was always ready to talk.

In Congressional testimony yesterday, however, Mr. Regan struck a less conciliatory note, saying the tax cuts would not be inflationary. Any diminution of the programme would destroy the incentives to savings and investment it was designed to create.

The Administration feels it has the Democrats on the run. Already there is much internal Democratic bickering over the effectiveness of its leadership.

Much of it centres on the role played by Mr. "Tip" O'Neill, the Speaker, who has been accused of neglecting his charge by spending the Easter recess in Australia and of conceding victory to the President too early and too often.

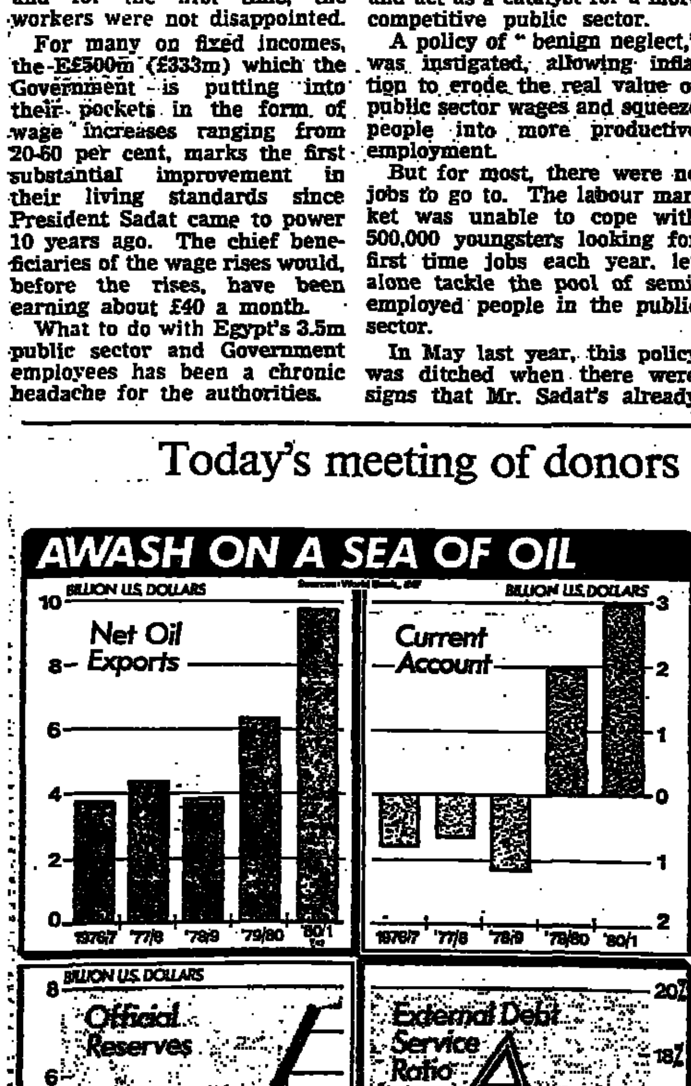
There is talk that Mr. O'Neill may not seek re-election to the House next year. This has been spurred by the announcement that Mr. Gary Hymel, his long-time right-hand aide, had resigned from his staff to become a lobbyist.

Other leaders of the traditional liberal Democratic hierarchy seem politically vulnerable, given President Reagan's hegemony over Washington and the sharp attacks on them by ultra-conservative political action groups.

Right-wing democrats, especially from the South, currently have scant regard for party loyalty on economic issues. Moderate Republicans, for years a dwindling band, have become all but invisible. The Democratic Party must be inventive as well as effective in developing alternative philosophies.

Today's meeting of donors to Jakarta will focus on economic reform, **Richard Cowper** writes

A time for change in Indonesia



FOREIGN AID has played a vital role in helping Indonesia overcome its foreign exchange shortages for more than ten years. Today, this is no longer the case. The virtual doubling of oil prices in the last 18 months has meant that Indonesia, the largest oil and gas exporter east of the Gulf, is awash on a sea of oil money which is expected to free the country from balance of payments worries at least until the middle of the decade.

Given Indonesia's dramatic change of fortune and the growing financial difficulties of many oil-importing developing countries, Jakarta's case for large volumes of aid on highly concessional terms would not appear to be a strong one. Today's meeting in Amsterdam of the Inter-Governmental Group on Indonesia — comprising donors from Western industrial countries meeting under the auspices of the World Bank—may find it difficult to justify maintaining let alone increasing aid of Indonesia.

The World Bank, in its confidential annual report on the Indonesian economy, has for the first time in the 13 years that it has been reporting to the group, made no recommendation for an overall aid figure. While the members of the Inter-Governmental Group seem unlikely to risk offending the Indonesian government by pledging less than the \$2bn or so they came up with for 1980-81, they are likely to reduce the proportion of aid which comes on highly concessional terms.

Since the Communist advance in Indochina, Indonesia, a member of the five-nation Association of South-East Asian Nations, has grown in political importance to the West.

U.S. oil companies have flocked to Indonesia to invest in what they believe is a country with a reasonably stable future.

In all honesty, Indonesia scarcely needs the \$2bn the donors are likely to pledge in Amsterdam. Some \$6bn of the \$17bn pledged in aid between 1974 and 1979 remains unspent, while the recent oil bonanza has filled the country's coffers to overflowing.

According to the World Bank, the 1980-81 financial year saw the balance of payments surplus on the current account rise to a record \$3bn, while official reserves jumped to another record \$7bn. If the foreign exchange assets of the state banks are taken into account, Indonesia's reserves are in fact nearer \$12bn. Last year, the trade surplus grew by 26 per cent to \$4.8bn and economic growth in terms of Gross Domestic Product was officially estimated at 7 per cent, though it was probably nearer 9 per cent.

Indonesia's problems lie elsewhere. Like many developing nations, the country has an unwieldy and often corrupt bureaucracy. A tariff system, which seems designed more to cushion inefficiency than to nurture aggressive and competitive new industries, and a lack of skilled and trained manpower are proving a drag on development. Indonesia is also in the unfortunate position of being the world's fifth most populous country — with 2m new job seekers very year — and with per capita income of only \$400, is one of the world's poorest.

In the 146-page report that will provide the basis for discussion at today's meeting, the World Bank has produced a blueprint for major structural changes in the Indonesian economy. The purpose is to ensure that the country's economic planners do not throw away what the bank calls a "unique opportunity to use the new-found oil wealth to lay the basis for sustained economic development through the 1980s.

Among other things, the report recommends:—

- Simplification and reduction of tariffs.
- Greater access to domestic and international capital markets for both public and private enterprise.
- Simpler investment procedures.

If the Government does not make these changes, the bank warns, the balance of payments is likely to move into large and unsustainable deficit after 1985

WORLD TRADE NEWS

Japanese 'may become the only mass producers of cars by 1990'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE JAPANESE will possibly be the only mass producers of cars by 1990 unless governments in Europe and North America develop complete motor industry strategies.

This is one of the major conclusions in the latest world automotive report from the London-based Economic Models group.

The report forecasts that most car markets will recover as economic conditions improve in 1982-84. But "it appears that the hopes of the overall market recovery have blinded Europe and the U.S. to the prospect that most of the gains of this growing market will be taken by the Japanese."

The gains may be through direct exports or through Japanese assembly overseas of their components.

The failure of the Western industry's strategy so far is that it seems to be entirely product based, suggests Economic Models. The companies do not appear to have talked to governments about "essential orderly marketing agreements."

The industry has a great deal to offer in exchange for import controls—the key factor obviously being jobs.

The industry needs to talk to governments on other issues involving trade unions more widely—such as manning standards, safety and so on—indeed on many non-labour issues such as safety, emissions and fuel economy.

"In order for the companies and the governments of North America and Europe to begin a more complete strategy for the motor industry which they both desire and need in the 1980s, the discussion and analysis must be much wider. If both parties continue to divide their concerns in the current rigid manner it is possible that the Japanese will take over the mass production role by 1990s."

Economic Models suggests that import controls of various types should restrict the Japanese advances in the U.S. and Europe in the immediate future.

But it seems likely that the Japanese will be able to maintain at least their current market share in Europe so they will be able to achieve higher exports again as the European markets grow.

The threat of an actual reduction in export potential comes from the U.S., so the Japanese will continue to search for less developed markets—"a search which can have only limited fruit since they already hold nearly half this market."

However, Economic Models reckons the Japanese will be able to maintain exports of cars at an annual 3.9m to 4m while the U.S. and European markets are expanding in 1982-84, while total Japanese production seems set to fluctuate around the 6.8m to 7m mark to the mid-1980s.

While Economic Models forecasts that the Japanese penetration of the French and Italian markets will continue to be held back by rigid import restrictions, the report sees the Japanese share of the UK market at 12.9 per cent this year, up to 13.2 per cent by 1983 and to go on rising.

In West Germany, practically the only major car market where the Japanese do not face some kind of controls, unofficial or otherwise, Economic Models forecasts a Japanese market share of nearly 20 per cent by 1985.

The report provides forecasts for 31 car markets for the next five years together with some well-informed commentary.

In the UK, the new car market is predicted to decline again this year to 1,387m before picking up gradually from 1982 onwards and to peak again in 1984 at 1.75m. This will suck in more imports which are predicted to take nearly 70 per cent of registrations in 1983.

While Ford is forecast to maintain its share above 30 per cent to the mid-1980s, BL's share is predicted to slip from around 19 per cent this year to 17.8 per cent in 1984 and 16.4 per cent in 1985.

World Car Forecasts Report; Economic Models; 30 Old Queen Street, London SW1H 9HP. £400.

CAR PRODUCTION (THOUSANDS)	1980	1981	1983	1985
France	2,939	2,760	3,146	3,294
Italy	1,445	1,433	1,715	1,655
Japan	7,038	6,627	7,317	7,425
UK	924	938	980	953
U.S.	6,372	7,265	8,980	8,626
West Germany	3,521	3,140	3,604	3,361
CAR REGISTRATIONS (THOUSANDS)				
France	1,873	1,871	2,103	2,234
Italy	1,716	1,615	1,747	1,671
Japan	2,854	2,781	3,074	3,158
UK	1,514	1,388	1,652	1,594
U.S.	8,702	9,551	11,101	10,822
West Germany	2,426	2,224	2,679	2,513

Economic Models' forecasts

Lambsdorff hits at 'dangerous' protectionism

BY ROGER BOYES

COUNT OTTO LAMBSDORFF, the West German Economics Minister, yesterday sharply criticised the U.S.-Japanese agreement on car export curbs and hit out at the "dangerous and self-destroying" world-wide trend towards protectionism.

The Minister's comments which came in a speech delivered in London yesterday to the German Chamber of Industry and Commerce, reflect Bonn's fear that Japanese exports will be deflected from the U.S. to Europe.

This in turn could trigger further import barriers in some European countries.

"If the United States and Japan, the two most powerful countries in the Western world, resort to such measures how are the developing countries and the other Western industrial countries to be expected to defend free international trade," he asked.

"For us, in the Federal Republic at any rate, this development makes the task even harder because our partners in the European Community, some of whom obstruct imports of Japanese cars—clearly in breach of the Community treaty and unfortunately condoned by the (European) Commission—can invoke the American lapse.

Count Lambsdorff is in London for the twice-yearly Anglo-German consultations.

Apart from abandoning "neo-protectionist" policies, the major western economic powers should keep three main targets in mind: intensified co-operation between oil producers and oil-importers to avoid sudden price hikes and shortages; the recycling of petrodollars via the private banking system, the World Bank and the IMF; and integration of the developing countries more closely into the world economy

Ottawa, Tokyo make progress on exports

OTTAWA — Canada and Japan have made some progress in their discussions on the level of Japanese vehicle exports to Canada, said Mr. Mark MacGuigan, Canada's External Affairs Minister.

The news followed a one-day visit to Canada by Japanese Prime Minister Zenko Suzuki.

Asked if Canada was planning to impose restrictions on imports of Japanese vehicles, Mr. MacGuigan said: "We don't plan any action of any kind except to continue our discussions with the Japanese government.

Mr. Herb Gray, Canada's Minister of Industry, Trade and Commerce, has said he expects Japan to apply restraints on its vehicle exports to Canada that will correspond with Japan's restrictions on its shipments to the U.S.

In Mr. Suzuki's talks with Prime Minister Pierre Trudeau, both agreed on the importance of an early resolution of the question.

AP-DJ

Victor Mackie in Ottawa adds: A top Japanese car manufacturer is looking into establishing a components manufacturing plant in British Columbia, which the provincial Government says could lead to a fully-fledged automotive manufacturing industry and duty-free access to the U.S. market.

Premier Bill Bennett said that his Government has been negotiating privately with Toyota, Toyota Canada Incorporated, and Toyota Motor Sales, to establish an international components manufacturing plant in the West Coast province.

Mr. George Mussallem, whip for the Social Credit Party in the legislature, said such a plant would provide Toyota with access to the large U.S. market under the Canada-U.S. automobile pact, which allows cars built in Canada to enter into the U.S. without duty or quota.

Senior officials from Toyota will meet Mr. Bennett on May 20.

Reagan urged to act on export credits

BY PAUL CHEESERIGHT

THE Reagan Administration came under pressure yesterday to intervene more actively in the international export credits dispute as delegations from the world's major industrialised countries gathered in Paris for discussions on reform of the Arrangement on Guidelines for Officially Supported Export Credit.

The U.S. Labour-Industry Coalition for International Trade (LICIT) announced that it had sent to President Reagan's Special Trade Representative, Mr. Bill Brock, a draft complaint under the terms of Section 301 of the 1974 Trade Act.

This section permits the private sector to draw to the attention of the Administration violations of international trading agreements and "unreasonable foreign practices" which restrict U.S. commerce.

The draft petition questions whether the aggressive French policy on export credits is a violation of the General Agreement on Tariffs and Trade code controlling subsidies. It draws attention to France's blocking of reform of the international guidelines and suggests that this is a restriction of U.S. commerce.

Repeated efforts to reform the guidelines in line with a declaration made at the Venice summit of the western world's most economically powerful nations last June broke down in December.

The U.S. has consistently argued for bringing the interest rates specified in the guidelines more closely in line with market rates, and has urged the adoption of a mechanism which would permit automatic change in the export credit interest rates as market rates move up and down.

Such moves have in the past been blocked by France, thus forcing the EEC to adopt a rigid negotiating position in the talks. In December the EEC offered a modest rise in interest rates and a new review procedure.

Meetings in Brussels over the last fortnight are believed not to have led to any major change in the EEC position. This would suggest that the Paris talks starting today are likely to end in stalemate.

A change in the French position is, in any case, considered unlikely before M. Francois Mitterrand has grasped the reins of government, and defined his policy.

Indonesia refinery deals worth $2bn won by U.S.

BY RICHARD COWPER IN JAKARTA

PERTAMINA, Indonesia's state-owned oil company yesterday signed contracts with two U.S. engineering companies for the construction of two major refineries extensions which should make the country largely self-sufficient in refining by 1983.

The extensions, which together will cost $2bn (£869m) to build, will double Indonesia's refining capacity from around 400,000 barrels per day to 800,000 b/d.

Bechtel Corporation of the U.S. won the contract to construct a $1bn 200,000 b/d extension to the existing 60,000 b/d refinery at Balikpapan in East Kalimantan while Fluor Corporation, also of the U.S., won a similar contract to build a $1bn 200,000 b/d extension to the 100,000 b/d Cilicap refinery in central Java.

Yesterday's signing, witnessed by Professor Subroto, Indonesia's Minister for Mines and Energy and Mr. Judo Sumbuno, Pertamina's president director, comes two weeks after Pertamina awarded two Spanish engineering companies the contract to build a $1bn hydrocracker at Dumai in central Sumatra.

The 62,000 b/d Dumai refinery will be built by Technicas Reunidas S.A. and Centunion Company and is to be completed by late 1982 or early 1983.

All three refineries will be owned and operated by Pertamina, and financed through a mixture of export credits, commercial loans and Indonesian government money.

Details of the financing package for the extensions of Cilicap and Balikpapan are not yet clear, but it appears that a substantial proportion will come from a $500m line of suppliers' credit offered Jakarta last year by Mr. Rokusuke Tanaka, Japan's Minister for International Trade and Industry.

UK in £2.5m milk supply contract with Cuba

BY OUR WORLD TRADE STAFF

CUBA HAS reached agreement to buy 5,000 tonnes of powdered milk from Britain in a £2.5m deal signed with A. H. Philpot and Sons acting as agents for the UK Milk Marketing Board and Alimport, the Cuban food importing agency.

Sr. Justo Armesto, the Cuban commercial counsellor in London, said: "Britain has always been an important supplier to the Cuban market, but in the present economic situation it is understandable that the level of our purchases must ultimately depend on the size of our earnings from sales to Britain.

UK exports to Cuba totalled £35.3m last year, while imports were worth £26.2m.

- Thorn Consumer Electronics has won orders for £1.75m worth of Ferguson TX colour televisions in kit form from Portugal, where they will be assembled by DCP Productos Industriais. Orders worth £1.2m have been secured in Zambia and Nigeria.
- Landoil-Barget Trading, recently established as the trading arm of the Barget group, is supplying a pre-cast concrete plant valued at £1.5m for a housing project at Basrah in Iraq.
- Castle Drilling Rigs of Lincoln has won a £1m contract for the supply of drilling equipment to Saudi Arabia, its first major export order since starting operations in 1978. Rig assembly will be carried out in Darlington.
- Simon Food Engineers, the Stockport unit in the Simon Engineering group, is to design, erect and commission two plants for breakfast cereal production in Lagos, Nigeria, for Tropic Foods. The contract is worth more than £1m.

Coal Board in major row with Energy Department

BY MARTIN DICKSON, ENERGY CORRESPONDENT

A MAJOR dispute has broken out between the Department of Energy and the National Coal Board over the technical and economic justification for a pilot coal liquefaction plant which the NCB wants to build at Point of Ayr, north Wales.

The 25-tonne a day plant would produce liquid fuels from coal using methods developed by NCB scientists. It would cost £65m (in current prices) to build and run for three years and would require extensive Government funding. The Department of Energy has been considering the issue for more than a year.

Now Dr Anthony Challis, new chief scientist at the department, has expressed doubts over the competitiveness of the NCB plan compared to its U.S. rivals and queried the need for UK liquefaction technology. He has also criticised the site chosen for the project — next to a Welsh colliery — as "unnecessarily expensive."

In a letter to Sir Derek Ezra, the NCB chairman, he says he has "yet to be convinced that an NCB package could be competitive in timing or scale" with for example, a rival process being developed in the U.S. by Exxon, the major oil company.

In reply Sir Derek has expressed "serious concern" that Dr Challis' reservations have emerged at this "very late stage." He argues that coal liquefaction is an option the UK must develop to meet requirements for liquid fuels.

He insists that the NCB approach is sufficiently better than technologies being developed in the U.S. and West Germany to merit Government support.

Dr Challis does not reject the NCB scheme outright, saying that the technical and economic factors he raises are only some of the many factors the Government will have to weigh in reaching a final decision.

But there are mounting fears in the coal industry that the Government, facing severe budget constraints, is prevaricating for as long as possible and might be paving the way for the abandonment of the project.

Such a move would provoke an angry response from the National Union of Mineworkers. A rapid go-ahead for Point of Ayr is one of the items the NUM has placed on the "shopping list" of coal industry support measures it is demanding from Government.

In his letter Dr. Challis argues that the UK can probably maintain net self-sufficiency in transport fuels and chemical feedstocks "well into the next century" and that liquefaction technology will probably be used first in countries with coap cheaper than the UK's.

"The two factors of UK self-sufficiency and relative coal costs lead to the conclusion that the principal rationale for developing UK liquefaction technology must be to serve markets for the export of process engineering and, to a degree, capital plant."

Sir Derek says that Dr. Challis's views on oil self-sufficiency seem more optimistic than the official view of the Energy Department, which forecast last year that the UK would again be a net importer of oil by about 1990.

Lead-level cuts hit prize-winning company

BY SUE CAMERON

ASSOCIATED OCTEL, which won the Queen's Award for Export Achievement three weeks ago, faces the loss of a large part of its UK business as a result of the Government's decision to cut lead levels in petrol.

Octel is the sole British producer of the lead alkyl antiknock compounds which boost petrol octane ratings. Today it must be reflecting on its foresight in putting so much effort into exports.

About 80 per cent of its production is exported — its export turnover was £96m in 1979 — and it estimates that it has 70 per cent share of the world market, outside the U.S., for lead antiknock compounds.

Yesterday, the Government's expected decision to cut lead limits in petrol from 0.4 grams per litre to 0.15 grams per litre was formally announced.

The decision to cut the maximum amount of lead in petrol follows growing fears about the effects of lead on health—particularly children's health. The Government announced a number of moves designed to tighten up its policy on lead pollution, including the fact that it has asked the Medical Research Council to carry out a study on the effects of lead from all sources on health with special reference to children's mental development.

Airborne lead pollution from petrol fumes has become the most emotive issue, in the debate over possible health risk.

Octel, which provides the lead compounds the oil companies need to boost the octane ratings of their petrol, expects to have to cut its production to meet the reduction in UK demand which will follow the Government's move. However, it does not expect to cut its British workforce of 2,300.

While Octel prepares for a drop in its UK sales, the major oil companies are preparing to spend up to £40m o nmodifications to their refineries. The Government's planned cut in maximum permitted lead levels in pertol from 0.4 grams per litre to 0.15 grams per litre would mean octane ratings dropping from the present level of 97 to 94. This in turn would mean that high performance cars would run erratically.

The oil companies will therefore have to instal new plant or expand the capacity of their existing equipment so as to maintain the 97-octane rating of their petrol — without overstepping the new limit of 0.15 grams of lead per litre.

The cut in lead limits in petrol is also expected to add about £120m a year to Britain's oil bill. The oil industry says it will need an extra 0.5m tonnes a year of crude to maintain octane levels and reduce lead levels.

Petrol prices are expected to rise by betwen 4p and 5p a gallon because of the extra cost of observing the new lead limits. But despite the cost the oil industry appears to have put up remarkably little resistance to the Government's plans and this has led to speculation that a deal has been done.

There have been suggestions that the oil companies have agreed to accept the reduction to 0.15 grams in return for a government promise that no attempt will be made to insist on totally lead-free petrol—at least not within the next 10 years. Both sides have denied it.

The total cost of changing to lead free petrol has been estimated at about £1.6bn. And it has been predicted that the UK car industry would almost certainly be wrecked in the process.

However, the Government says its planned cut to 0.15 grams of lead per litre of petrol will reduce lead emission by over 60 per cent far more quickly than an attempt to go lead-free.

This is because it would take years to replace the present car population with cars able to run on lead free petrol. In the meantime, the old cars would continue to emit lead fumes.

Mobil may aid chemical industry

BY DAVID FISHLOCK, SCIENCE EDITOR

RECENT U.S. discoveries by Mobil Corporation may help Britain convert surplus coal into feedstocks for the chemical industry.

This was disclosed in London yesterday by Dr. Seymour Meisel, vice-president for research of Mobil Research and Development Corporation.

Dr. Meisel, in London for a one-day conference on coal technology today, said that ICI was licensing Mobil's new process to make paraxylene, a chemical used in making synthetic fibres.

This was confirmed by ICI, which said that its petrochemical and fibre division was using the process to convert mixed xylenes into paraxylene.

The Mobil technology, first announced in 1976, is based on the discovery of a powerful new catalyst, code-named ZSM-5, capable of converting methanol into high-octane petrol.

Company researchers have since demonstrated how the same catalyst can be used to make several basic "building blocks" of industrial chemistry, such as ethylene, propylene and butylene.

The discovery suggests that the Mobil catalyst may become the basis of a relatively simple technology for turning coal into chemical feedstocks.

Such a technology may prove competitive with oil-based feedstocks before oil-from-coal is able to compete with petroleum on price, Dr. Meisel said.

In South Africa, the ICI subsidiary African Explosives and Chemical Industries (AECI) is planning to build a large pilot plant to make ethylene by the Mobil process.

Royal visit bombing still a mystery

By Maurice Samuelson

THE POLICE and British Petroleum said last night that they had not established the cause of Saturday's explosion during the Queen's visit to the £1.2bn gas and oil terminal at Sullom Voe, Shetland. The Provisional IRA is claiming responsibility.

The blast occurred 30 feet above the ground in the terminal's power station a quarter of a mile from where the Queen, accompanied by Prince Philip and King Olav of Norway, had just inaugurated the terminal.

Police headquarters at Inverness said that the material at the site of the blast was being systematically sifted and would be sent for forensic examination. There was nothing to suggest further danger to local workers.

BP said the blast was first thought to have been caused by a malfunction in a heat exchanger, but it turned out to be more complicated.

If sabotage is confirmed, it will raise further doubts about security at Sullom Voe, which is operated by British Petroleum on behalf of oil producers in the East Shetlands basin 100 miles offshore in the North Sea and which handles the equivalent of half the UK's oil consumption.

Mr. Ted Ferguson, BP's construction manager at Sullom Voe, said last week that the place was a prime terrorist target and that talks between BP and the Ministry of Defence over installing a new perimeter fence had bogged down over cost. He said the present fence would not keep intruders out for more than 40 seconds.

Police waited 36 hours before admitting the explosion had taken place. The explosion coincided with a claim by the IRA that the Queen's security had been breached. After this first claim had been discounted another message from the IRA on Saturday evening pinpointed the power station as the target

If the Royal visit had not been running about 12 minutes late, the blast would have coincided with the Queen's speech in the beflagged maintenance building a quarter of a mile away. Less than half an hour before the explosion, the Queen's party had driven past the power station on a tour of inspection.

Japan takes 26% of van market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

MANUFACTURERS are to increase pressure on the Japanese to cut shipments of vans to Britain following a sharp increase in the Japanese market share in the first four months of 1981.

According to the latest Society of Motor Manufacturers and Traders' statistics the Japanese took nearly 26 per cent of the van market in January to April, compared with 17 per cent for the corresponding period last year.

This was in spite of Japanese industry's assurance that the manufacturers would take the same kind of prudent view of the UK van market as they promised to give to the car business.

Figures for the early months of this year were distorted by a Ford campaign for the Transit van, the best-selling commercial vehicle in Britain, at the end of 1980. This brought forward some sales.

However, there is no disguising that the Japanese are making headway, particularly with 1-ton pick-ups. It is in this sector that General Motors is marketing a model brought in built-up from Isuzu in Japan and sold with a Bedford badge. So far 318 have been registered.

Japanese successes in the van sector are reflected in the total commercial vehicle registration figures. These show the importers' share rising even though the market is falling.

Imported vehicles accounted for 41.6 per cent of the market last month and 40.88 per cent in the year to date, compared with 32 per cent and 31 per cent respectively for the corresponding periods last year.

Sales of new commercial vehicles in April at 19,903 were 20 per cent down on the corresponding month last year. It was the lowest April level since 1977.

Over the first four months of this year registrations of commercials were 28.7 per cent below the level for the corresponding period of 1980, at 74,549 against 104,599.

The society splits the statistics into five sectors. Car-derived van sales in April showed a drop from 6,389 to 5,647. Over the four months they fell from 29,544 to 22,317.

Non-car derived vans (the sector in which the Japanese now have considerable influence) saw a drop in registrations from 10,980 to 8,491 in April and from 44,111 to 30,677 in the four months.

The four-wheel-drive vehicle market was the only one to show some buoyancy. It was up from 842 to 1,345 in April, and from 3,798 to 4,120 in the January-April period.

These figures reflect a big jump in sales of Subaru four-wheel-drive saloons from Japan —up from 80 to 205 in April and from 329 to 536 in the four months.

Sales of commercial vehicles over 3.5 tons are still suffering most in the recession. April registrations were down from 6,121 to 3,827 and in the January-April period from 24,785 to 15,510.

Bus and coach registrations in April rose from 518 to 593 but over the four months fell from 2,361 to 1,925.

Anglo-Australian airline talks

By Michael Donne, Aerospace Correspondent

BRITISH CALEDONIAN is discussing with several Australian commercial groups the possibility of creating an Anglo-Australian airline to bid for the UK-Australian air route.

Contacts so far has been exploratory but the idea attracted attention in Australia, since a joint venture was suggested as worth exploring two weeks ago by the UK Civil Aviation Authority.

British Caledonian will not name the groups with which it has been in contact, although one of them is known to be the Bell Group of Perth, headed by Mr. Robert Holmes A'Court. Several Australian state governments are also understood to be interested.

The idea stemmed from British Caledonian's original attempt to team with Ansett Airlines as part of its bid to be allowed to fly between the UK and Australia.

Ansett, however, agreed eventually with British Airways on an extension of the existing handling agreement between those two airlines.

British Caledonian was left to fight its case for the UK-Australian route alone in competition with Laker Airways and in the face of hostility from British Airways and Quantas, the encumbent airlines on the route.

The Civil Aviation Authority subsequently rejected both British Caledonian and Laker, arguing that if either was licensed on the route the Australian Government would probably also want to put a rival airline on it. This would result in four airlines on the route, which the authority thought would be diluting traffic unnecessarily.

Drowned diver's diary quoted at inquiry

BY OUR ABERDEEN CORRESPONDENT

A DEEP-SEA diver who died in a stricken North Sea diving-bell was complaining about the quality of his company's management just 24 hours before his death, an accident inquiry was told in Aberdeen yesterday.

The personal diary for August 7, 1979, of Mr. Richard Walker, an American diver, was read out to the inquiry by the diver's widow, Mrs. Jeanne Walker.

Mr. Walker, 32, from California, and 28-year-old Mr. Victor Guiel, from Massachusetts, died on August 8, 1979, after their diving-bell became separated from their support ship, Wildrake, near the Thistle 'A' platform, north-east of Shetland.

In a low voice, Mrs. Walker from Santa Barbara, California, read out her husband's diary written on the day he began his fatal dive. He wrote:

"On location at Thistle. The boat heaves a lot . . . poor topside management. Two guys in here both nuts . . . dear God, I want out. I've got to scare up another job after this one."

Infabco of Aberdeen, the diving operating company, along with Offshore Co-ordinators of Jersey, were described in the inquiry application by Mr. Malcolm MacNeill, the Procurator Fiscal, as employers of the two dead divers.

Last December, in another trial at Aberdeen's Sheriff Court, Infabco was cleared of four charges of breaking diving regulations after the Crown failed to prove that they were the employers of the two victims.

Talbot offers free driving lessons

TALBOT IS to offer free driving lessons in a bid to increase sales to driving schools and first-time car buyers.

An L-driver who takes 25 lessons in a Talbot or a Peugeot car will receive up to 20 more hours of free tuition until a driving test pass is achieved.

And under the terms of a scheme unveiled by Talbot and the 200-strong Motor Schools Association yesterday if the driver goes on to buy a new Talbot or Peugeot car the entire tuition fees will be refunded.

The marketing ploy also involves Talbot offering to driving schools special price cuts on its cars and on those of its sister organisation, Peugeot.

Behind Talbot's "Surepass Plan" is the theory that L-drivers are inclined to buy a similar car to the one they learned to drive in.

Only 1,200 Talbot cars are in daily use for driving tuition spread among 700 driving schools.

Two soldiers shot in West Belfast

BY WALTER ELLIS IN BELFAST

THE SHOOTING yesterday of two soldiers in West Belfast is further evidence that while the Provisional IRA is operating a limited cease-fire during the continuing hunger strike in the Maze prison, armed Republicans are still waging war in Northern Ireland.

The banned Irish National Liberation Army is thought to have been responsible for yesterday's shootings. One soldier was seriously wounded and the other slightly injured. They were hit by high-velocity rifle bullets, outside a post office in the Catholic Falls Road area of the city.

The men were part of a patrol guarding a delivery of cash to the post office. They were attacked from a prepared position. There were no arrests.

The INLA is believed to have been responsible for the death of one postman and the wounding of four other members of the security forces in the past week. One of its own volunteers was killed. It operates separately from the Provisionals and, not bound by the latter's present policy of restraint, is bound only by its own limited military capacity.

Much smaller than the IRA the INLA has nevertheless been responsible for several police and army casualties in recent years. It is believed also to have been responsible for the death of Mr. Airey Neave, Mrs. Margaret Thatcher's intended choice as Ulster Secretary.

INLA is the military wing of the Irish Republican Socialist Party, a Marxist grouping which at one time included Mrs. Bernadette McAliskey in its leadership.

The Provisional IRA leadership has declared that a military response to Mr. Bobby Sands's death is "a reasonable prospect." However, while Mr.

Sodastream

THE Financial Times on May 8 reported a legal action being brought by Sodastream against Thorn and said that it concerned the alleged sale by Thorn of carbon dioxide in cylinders bearing the trade-mark Sodastream.

We have been asked to point out that no such sales have been made and that the action has been brought by Sodastream as a result of Thorn's alleged stated intention to make such sales.

Jason Crisp reports from the Financial Times electronics conference

U.S. plea for free trade in semi-conductors

EUROPEAN manufacturers of electronic equipment will find it impossible to compete in world markets because of tariffs on semi-conductors imported into the EEC, according to Dr. Robert Noyce, vice-chairman of the U.S. semi-conductor company Intel.

Dr. Noyce, speaking at the fourth World Electronics Conference, organised by the Financial Times and Mackintosh International, said that while tariffs on semi-conductors were a short-term obstacle to U.S. companies, they might help in the long term because they would make European companies uncompetitive.

Dr. Noyce, who argued strongly for free international trade and competition, warned that the French strategy to become a major force in information technology would be defeated by its own policies.

He said the French Government's insistence that the telecommunications industry purchase components made in France would benefit the semi-conductor industry but would defeat the objective of developing exports in telecommunications.

The policy meant the telecommunication manufacturers had to buy components that were not fully up to date and were more expensive, making their product less favourable.

Of the U.S., he said: "In the face of a capital shortage and lack of new engineering graduates there, the strange fact is that there is more venture capital available and more new electronics companies being formed than ever before.

"There are many factors contributing to this, among them changes in capital gains taxes and recognition that electronics leads the second industrial revolution which is probably more important than the first. Yet I feel the principal cause is the rekindling of the pioneer spirit in America."

Dr. Jack Melchor, a Californian venture capitalist and chairman of the National Enterprise Board's Anglo-American venture management, told the conference that Britain needed a number of changes in the law if vnture capital was to thrive in the same way as in California.

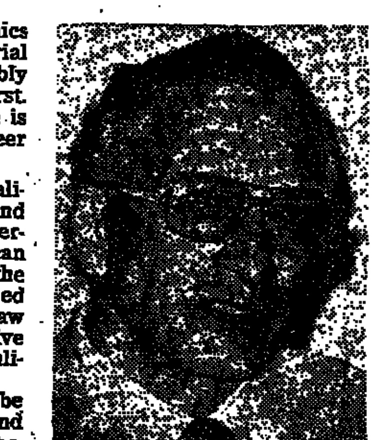
He suggested there should be less tax on ordinary shares and options, simplified over-the-counter stock markets to encourage minority investors and added protection for minority shareholder interests.

Dr Melchor said that in spite of Britain's capabilities in computer software, good technical schools, under utilised workforce and buildings and young people with product ideas who wanted to start companies, he saw a number of restraints on a California-style venture capital environment.

Lack of managers, population mobility, an extensive unlisted security market and lack of orientation of investors towards income as opposed to growth were among the restraints.

He also pointed to the strong stigma in Britain against personal failure, self-interest among managements and short term financial horizons.

He said there should be greater recognition of the gains to be made by buying and holding shares in the future IBMs, Xeroxs and Intels even though it might be 10 or 20 years before they paid dividends.



Dr. Robert Noyce

Mr. Koji Kobayashi, chairman and chief executive of Nippon Electric company, called for greater co-operation between Japanese, European and U.S. companies in electronics.

He said the world electronics market was unlimited and its potential could never be completely fulfilled. He also pointed to the considerable software skills in Britain which were attractive to Japanese companies with their complementary high levels of skill in the manufacture of equipment.

Mr. Kobayashi described the development of computer software as the key to the future of electronics. "The most important problem in the coming age will be in software and systems," he said.

"The design of very large-scale integrated circuits, computers, communications equipment and their combinations—these will all require huge amounts of software."

He said that the present ratio of computer software to hardware is about 70 : 30. "If the present trends continue this ratio will reach 90 : 10 in 10 years' time."

He said there would not be the convergence of computers and communications if the cost of software did not go down substantially.

"Although the problem is urgent it cannot be resolved quickly. But I believe that 10 or 20 years of unstinting effort will enable us to solve it and make further advances. We need to pool our knowledge for the 21st century."

Mr. Kenneth Baker, Minister for Industry, warned that the greatest threat to employment will come from a failure to adopt micro-electronic and information technologies.

The technologies would create jobs offsetting any losses, said Mr. Baker, who has special responsibility for information technology.

"It is, however, absolutely necessary to create the right environment for information technology to be exploited in a constructive way. The Government recognises that it has a central role to play in creating such an environment."

He said Britain had lacked a coherent programme for information technology, including manufacture and application.

The strategy developed at the Department of Industry had six main themes, said Mr. Baker: a national telecommunications network capable of meeting the demands for new services; liberalisation of the telecommunications monopoly; establishment of a stautory framework to favour growth of information technology products and services; raising the awareness to potential users of information technology; providing direct support and "enlightened public purchasing" to stimulate the development of products and techniques; and provision of education and training.

Mr. L. Th Heessels, board member of Philips, the Dutch electrical giant, said he thought the electronics industry had reached a turning point.

The influence of technological development is declining compared to influences such as knowledge of the market, well oragnised systems for distribution, maintenance and support, he said.

"The point has been reached where technological know-how is still an essential pre-requisite for survival but by itself is no longer enough for success."

Mr. Heessels said that European governments did not always realise how important they were to electronics companies as a major market—such as in telecommunications.

"t may be that in the past an excessively strong image emerged of an industry that can take care of itself. I believe that these days are past for the electronics industry.

"If that industry—both now and in the future—is to continue to meet the already formidable and still growing need for information in society then it must be enabled to do this by taking appropriate national and international measures. In my view that is not happening to a sufficient extent."

ICI may have tried to cut Perspex TX price by 10%

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL CHEMICAL INDUSTRIES is thought to have made an abortive attemptive to cut the UK price of Perspex acrylic plastic sheet to beat cheap imports.

News of the proposed move, which now seems to have been shelved, evidently angered some of ICI's plastics customers. There have been claims that the price cut would have "wrecked" market stability—without securing a single extra order for ICI.

One customer said ICI "does not seem to know how to respond to the market" and he added that the group sometimes appeared to be "arrogant" when it came to selling.

Earlier this year a report revealed that British plastics fabricators are highly critical of the service they receive from the UK plastics raw material producers.

The report—commissioned by the petrochemical sector working party, which operates under the aegis of the National Economic Development Office—showed that small fabricators thought companies like ICI were less flexible than their competitors on the Continent.

One of the criticisms was that UK plastics producers charge more for many materials than other European companies.

The price of ICI's acrylic sheet—sold under the brand names of Perspex and Perspex TX and used in making products from sanitary ware to display signs—is up to 20 per cent more than prices on the Continent.

It is understood that ICI planned to cut the price of its extruded sheet—Perspex TX—by about 10 per cent last month. Some of ICI's distributors evidently attacked the move on the grounds that it would leave the group's prices still about 10 per cent higher than Continental ones.

Distributors are also thought to have been worried that a cut in the price of Perspex TX would have led to demands for lower prices for ordinary Perspex, which is made by casting methods.

The UK market for cast acrylic sheet is much larger than that for the extruded variety—and ICI has a strong hold on it. Some of the company's stockists apparently felt there was no need to cut the price of ordinary Perspex—but that ICI was running the risk of having Perspex price cuts forced upon it if it reduced the price of Perspex TX.

The group admitted that acrylic sheet prices tended to be higher than those on the Continent but it attributed the differentials to fluctuating exchange rates. ICI added that a few years ago its prices had been lower than those on the Continent—for the same reason.

The company said competition was "more active" on extruded sheet—Perspex TX—than on cast sheet—Perspex. It added that it had a strong network of distributors and kept in close touch with them to ensure they were competitive.

Mr. Roger Lyons, national chemicals officer of the Association of Scientific Technical and Managerial Staffs — ASTMS — said at the weekend: "We have evidence that ICI appears to be complacent in marketing its plastics. This is based on comments from customers as well as on the findings of the petrochemicals sector working party report."

Mr. Lyons added that ICI, which has just merged its loss-making plastics and petrochemicals divisions, was cutting jobs in marketing and administration. He feared the group was losing some of its best marketing people as a result, with a "debilitating" effect on ICI's performance.

Sharp rise in complaints on holiday advertising

By Michael Thompson-Noel

THE ADVERTISING Standards Authority wants "greater vigilance" from holiday tour operators in the preparation of holiday brochures.

In its annual report, the ASA says that, as in 1979, the advertised product groups that caused most complaints last year were holidays and travel, and cars and car accessories.

The authority received a record 6,533 complaints last year—94 per cent more than in 1979.

Of the total, 2,209 were pursued. Of these 1,155 related to advertising copy. The authority handles all advertising complaints against the non-broadcast media. The other complaints pursued related to mail order delays, 68 per cent of which were resolved by sending the goods required or by cash refunds.

Of the 1,033 copy complaints investigated last year, 51 per cent were upheld, either wholly or in part. The majority of advertisers said that the offence would not be repeated.

Seeking ways to clean up 'black economy'

BY TIM DICKSON

THE ADMISSION by Sir Lawrence Airey that he pays his window cleaner in cash roused murmurs of interest last week from MPs and inspired at least one newspaper photographer to attempt to track down the unsuspecting and hitherto anonymous individual.

Sir Lawrence, who is chairman of the board of Inland Revenue, was giving evidence to the Public Accounts Committee and was discussing ways of dealing with "moonlighting." While he was quick to point out that his method of payment in no way cast suspicion on his window cleaner or indeed any others, the reaction to what is, after all, hardly an unusual financial arrangement shows the public's keen interest in the "black economy."

Several estimates of the size of "black economy" activity have been made in recent years and though Sir Lawrence refused to comment on suggestions that it is growing, he did cast a little more light on the Inland Revenue's own studies.

Back in 1977 Sir William Pile, Sir Lawrence's predecessor as chairman, said it was not implausible that "black economy" activity accounted for about 7½ per cent of Gross Domestic Product (GDP).

Although much of the evidence for the "black economy" is anecdotal and therefore unhelpful, Sir Lawrence said last week, the Inland Revenue still work on the basis of this figure. Taking the last available GDP total of £223bn, he explained the estimated amount of undisclosed income comes out at about £16bn. Applying an average tax rate of 25 per cent leaves a possible shortfall to the Exchequer of about £4bn.

Sir Lawrence said the Central Statistical Office study—which was revised from 3½ per cent to 2 per cent of GDP and then back to 3 per cent is the most reliable estimate yet made. Although apparently at odds with the Inland Revenue, the CSO estimate is a minimum figure and would suggest that their central figure is more like 5 per cent, he said.

He thought the one percentage point of discrepancy could be explained by the different treatment in the respective calculations of interest and dividends in the national accounts.

Sir Lawrence did not give much credance to a paper by the Institute for Fiscal Studies (IFS) which came out with a substantially smaller figure. The IFS study was based on the Family Expenditure Survey, an exercise in which only 70 per cent of those asked responded. Sir Lawrence implied that the other 30 per cent might well have more to reveal about goings on in the "black economy."

The Inland Revenue is considering the possibility of employing extra staff in the field, but because of cutbacks in the Department they will have to be taken from elsewhere.

Amount of merchant shipping lying idle increases

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE TONNAGE of world merchant shipping lying idle because of lack of work increased to 14.16m deadweight tons at the end of March, the highest level for eight months, according to figures to be published by the General Council of British Shipping today.

British merchant ships accounted for 1.42m dwt of the idle tonnage, about 10 per cent of the world total and three per cent of UK tonnage.

The idle tonnage represents 2 per cent of the total world merchant fleet and compares with a total of 9.82m dwt idle at the end of February.

The latest total of idle ships includes 98 oil tankers of a total of 12.01m dwt. This is 3 per cent of the world tanker fleet and is 10 vessels and 4.37m dwt more than at the end of February.

The idle tonnage total also includes 334 dry-cargo ships of 2.15m dwt, which represent 1 per cent of the world's dry cargo tonnage. At the end of February 343 dry-cargo ships were idle, a total tonnage of 2.18m dwt.

The tonnage of British merchant ships idle at the end of March was almost the same as that idle at the end of February. Tankers dominated the UK idle tonnage and accounted for 1.4m dwt of the total, 5 per cent and 12 tankers, of the UK tanker fleet.

Inflation 'will fall below 10% in 1982'

BY DAVID MARSH

THE ANNUAL rate of retail price inflation will fall below 10 per cent next year but will return to double figures by the end of 1982 as the economy recovers, according to an analysis of price prospects by leading economic forecasters.

Laing and Cruickshank, stockbrokers, in their monthly economic review published yesterday said inflation would fall to 3.5 per cent by mid-1982 from the present rate of about 12.5 per cent.

But the firm said this low level was not sustainable and forecast a rate of about 10.5 per cent by the end of 1982, partly reflecting an expected drop in sterling.

James Capel, stockbrokers, say inflation is likely to return as the world economy recovers and commodity prices rise sharply. This will follow a temporary drop to 12.5 per cent by the end of 1982, into single figures in the first of of next year.

"Inflationary expectations will have been dented but not fundamentally reversed by the current recession," the firm says.

Henley Centre for Forecasting predicts that "a dramatic fall in the growth of unit labour costs" will feed through to a drop in inflation to below 10 per cent next year. However, higher oil and other raw material costs, a depreciating pound and an easing of Government economic policy will boost inflation to above 10 per cent in 1983.

● The Bank of England will start talks with foreign banks in London soon about increasing these banks' participation in the London bill market.

This follows proposals outlined in March for the Bank to increase its buying and selling of bills on the money markets as part of a move towards a more flexible system of setting interest rates.

In order to increase the supply of bills the Bank wants to widen the number of banks whose bills can be used in these operations. It has written to foreign banks inviting representations on the subject.

● The Treasury is raising the rate of interest on certificates of tax deposit, used to make advance payments to the Inland Revenue, to 12.5 per cent from 12 per cent, effective yesterday. The interest rate on deposits withdrawn for cash remains unchanged at 9.5 per cent.

FT writer wins award

BY ELAINE WILLIAMS

MR. ARNOLD KRANSDORFF, a Financial Times journalist, was named yesterday as industrial feature writer of the year in the Blue Circle Awards for industrial journalism.

The awards were presented yesterday by Mr. James Prior, Employment Secretary, in London.

Overall winner was Mr. Victor Keegan of the Guardian who won both the industrial journalist and industrial reporter categories of the awards. Mr. Keegan receives £1,500 prize money.

Other winners were Mr. Brian Hope of the Manchester Evening News, named regional industrial journalist of the year, Mr. Ian Ross of BBC TV News who won in the TV industrial journalist of the year category, and Mr. Roy Roberts of BBC Wales who was chosen as regional TV industrial journalist of the year.

'Vicky' reaches the top at Western Provident

BY ROBIN REEVES

MISS D. V. "Vicky" Vicker did not set out with a burning ambition to get to the top. She has simply always found her job at Western Provident Association (WPA)—where she has worked for 37 years—intensly interesting.

Nevertheless, her recent appointment as managing director of one of the country's leading health insurance groups is a significant achievement.

Miss Vicker joined WPA Bristol headquarters accounts department in 1944.

Within a year she was given the challenging task of launching the association's private health treatment scheme, which has since grown into the major part of WPA's business with almost 82,000 subscribers.

She made steady progress up the career ladder becoming assistant accountant, with special responsibility for the private treatment scheme (1961) and accountant also responsible for WPA's health service scheme (1966).

In 1974 Miss Vicker was appointed general manager, just as WPA's board decided to develop the business by revamping the private schemes to offer "realistic benefits at prices which people could afford."

At the time WPA's annual income was £950,000. By the end of last year, it had risen to over £7m, underlining WPA's place as one of the top three health insurance groups in the UK, along with the British United Provident Association (BUPA) and Private Patients' Plan (PPP).

Miss D. V. Vicker, managing director at Western Provident

Miss Vicker's directorship came in 1977. Now she is assuming the full responsibilities of managing director, following the decision by Mr. Alan Wright, chairman for the past 11 years, gradually to relinquish his executive responsibilities.

Miss Vicker would like to see more women following her example, not out of any sense of mission about the place of women in society, but simply because she so much enjoys her job and would like others to have the same kind of opportunities.

She does not see male prejudice as a problem. She says she has never experienced hostility on this account.

UK NEWS

Soft spots exist in UK defences

David Fishlock on the threat posed by electro-magnetic pulse

A MAP being distributed by the Campaign for Nuclear Disarmament claims to show all main nuclear bases and related installation in Britain. It shows not only where CND believes nuclear weapons are made and stored but the sites of nuclear power-stations and factories. It pinpoints a score of air bases hosting bombers and multi-role strike aircraft capable of carrying nuclear weapons.

CND's message is that if you live near one of these installations you are a prime target for enemy attack. By inference, because the named installations are so widely scattered almost everyone is close to a prime target. Therefore, the argument continues, all nuclear installations, civil as well as military, must go.

A more logical way of looking at Britain's vulnerability to nuclear attack is perhaps to assume that an enemy already armed with nuclear weapons—weapons capable of killing by radiation as well as by blast and heat—will be much less bothered about nuclear installations than targets vulnerable to radiation.

Nuclear installations are almost invariably shrouded in metres of reinforced concrete, natural nuclear shelters. Even if their defences were breached they could scarcely add to the burden of misery of a nuclear-bombed nation.

But there are targets intrinsically vulnerable to radiation. If these could be knocked out could Britain become prey to an enemy waiting to occupy the island?

The soft spots in Britain's nuclear defences, subject of much official interest in the 1950s and early 1960s but dormant since the Wilson Government of 1964, are becoming a live issue again. A book called Energy Vulnerability and War, published in the U.S. recently, accuses that nation of neglecting to give its most vulnerable systems—electricity, water, gas and telecommunications—protection against a nuclear attack.

Its scary message is that powerplants, including nuclear-plants, might run amok because of something called EMP. A recent Home Defence College seminar brought together the nationalised industries to review susceptibility to the dreaded EMP.

EMP is the abbreviation for electro-magnetic pulse. This is the gigantic pulse of radiation released by a nuclear weapon. It can overload and knock out electrical and electronic circuits of every kind. Not only the central nervous system of man himself but increasingly that of the utilities like electricity and water depend on electronic controls.

In four decades of research and design of nuclear weapons the designers have learned much about ways of permutating the three forms of energy—blast, heat and radiation—released in all nuclear explosions.

In the words of one defence scientist, they can pretty well dial the combination required to meet a particular tactical situation. As much as 80 per cent of the energy of an enhanced radiation weapon—the so-called neutron bomb can be released as radiation.

The real vulnerability of an advanced industrialised society to attack by nuclear weapons is the damage that the initial blast of radiation—the EMP—could do to systems dependent on electronics and computer control.

Defence scientists themselves became seriously concerned by this problem in the mid-1960s, just at the time when civil defence interest was waning because protection promised to be costly. However, the defence scientists woke up to the fact that even their own nuclear weapons were vulnerable to EMP.

It was a time of great debate over anti-ballistic missile (ABM) defences. A nuclear weapon designed to destroy another one high above the atmosphere cannot use blast where there is nothing to push against. It must rely mainly on radiation effects—EMP. Weapons themselves had to be "hardened" against the effects of EMP—a radiation effect thousands of times more devastating than radio-active fallout.

For the weapon designers it raised pretty formidable problems. So intense are the X-rays from a nuclear explosion that they administer what one scientist calls "a dirty great kick," much more vicious than the shock of launching the warhead. This kick can easily damage mechanically fragile parts such as the vital heat shield, rendering the weapon liable to burn up while re-entering the atmosphere.

Neutrons and gamma-rays, other abundant components of EMP, can penetrate the electronic circuits, generating surges of current that cause control and safety to go haywire.

Neutrons have funny effects on precision parts of the nuclear explosive plutonium-239, which can overheat and distort, so that the weapon itself may fail to explode when it reaches its target. More mundane materials may melt or catch fire spontaneously.

These problems led Aldermaston, Britain's Atomic Weapons Research Establishment, to invest heavily in means for stimulating nuclear explosion effects. In Nevada U.S. scientists developed a remarkable technique for exposing equipment to EMP.

Aldermaston used the U.S. facility to test its missile warheads and re-entry vehicles in the nine-year hiatus in British nuclear explosions from 1965-74.

But before a weapon ever reaches the stage of such a test it has passed many tests on other simulators at Aldermaston. The research centre boasts the biggest range of weapon-effects simulators anywhere in Europe.

These simulators reveal just how susceptible a circuit design is to transient radiation effects. EMP can knock out equipment over a wide area with no effects whatsoever on man. Particularly vulnerable are all the semi-conductor materials used in today's solid-state electronics.

The U.S. Government's Sandia National Laboratory, New Mexico, has just announced that it is setting up a centre for radiation-hardened micro-electronics to help the defence industry keep the techniques in step with advances in commercial chips.

Where does a densely-packed industrial comunity such as that of Britain stand in relation to the EMP threat? The utility most obviously exposed is the electricity supply industry.

The Central Electricity Generating Board, serving England and Wales, has more than 5,000 km of 400-kilovolt transmisison lines strung overhead and only 65 km underground. Its top engineers have as they put it peered over the precipice and tried to envisage the worst that nuclear weapons might do to the national grid.

Up to a point the grid is already hardened against EMP simply because it is highly exposed to a natural source of unnatural electrical pulses. It is constantly being struck by lightning, which can inject powerful pulses of current flowing in the wrong direction, to perturb the system. So can short-circuits when the wind whips up conductors and they clash.

The grid is designed to detect these perturbations within 70 milliseconds, and switch off power in the line for 15 seconds, automatically rerouting it so that the lights do no more than flicker.

The part vulnerable to EMP would not be the overhead transmission lines, the arteries so to speak, but the associated nervous system, the electronic and telecomunication circuits that signal trouble. The grid could run without these various layers of electronic protection, however. If need be the circuit-breakers could be closed again by hand.

CEGB engineers assume that they would have much more to worry about than EMP if Britain was exposed to a nuclear explosion. Nethertheless, there are studies afoot to try to determine at what intensities of EMP the integrity or safety of the grid could be jeopardised.

Operation of the grid is supervised from a reinforced concrete building in London, called the National Control Centre. It is equipped with steel shutters to seal off its windows. Working with seven regional control centres this building manages the grid through a close partnership between professional engineers and computers.

The CEGB claims that much of the security of its system lies in always having highly-trained engineers on duty, ready to take the difficult decisions in unexpected circumstances. In this way it believes huge disturbances can be absorbed, as was demonstrated when power cuts were rotated to a strict schedule in the coal-miners' strikes of the early 1970s.

Other highly integrated services such as water and gas have the advantage of being buried. British Gas has more than 3,000 miles of high-pressure pipeline buried. Its vulnerability seems to be of a different kind, associated with the fact that there is little storage capacity yet for North Sea gas and only three or four points at which it is coming ashore. But any attempt to automate such services extensively could render both gas and water supplies vulnerable to EMP.

Potentially highly vulnerable to EMP, however, are the telecommunications trunks of the country. CND obligingly includes the Government Communications HQ at Cheltenham on its map, although not the 22 microwave towers that straddle the country. As with gas and water, however, much of the system is buried in underground cables.

UK NEWS—LABOUR

Civil servants set for all-out strike

BY PHILIP BASSETT, LABOUR STAFF

BRITAIN'S largest civil service union, the Civil and Public Services Association, yesterday set course for an all-out strike early next month provided, as is likely, all nine unions using selective strikes over pay agree to such action.

General Secretary and senior officials of the nine constituents of the Council of Civil Service Unions are due to meet on May 26 to co-ordinate such a move, following the current round of union conferences.

Moves are expected at this morning's meeting of the CCSU's major policy committee to bring forward that meeting.

Today's conference of the executive-grade Society of Civil and Public Servants in Blackpool is expected to reinforce yesterday's decision to widen the present campaign of action taken by the annual conference of the clerical union, the CPSA.

Delegates approved, by about 4 to 1, an emergency resolution calling for the union to mount a campaign within the CCSU for all out strike action.

Mr. Ken Thomas, CPSA general secretary, said the effect of the decision by the CCSU's largest constituent was that "in early June we could see an all-out strike—but only on the basis that that is a majority view of the CCSU."

The votes of the CPSA and the Society, the two largest unions, have been reinforced by the decision of the tax men's union, and the lower-grade Civil Service Union, to support any action called by the CCSU. The response of the more moderate IPCS next week and the senior grade First Division Association on Thursday is, however, more doubtful.

Mr. Thomas confirmed delegates' view that the most likely action was for a five-day strike, though Mr. Bill Kendall, CCSU's secretary general, would argue against this, doubting its usefulness and urging instead indefinite strike action.

The CCSU is also unlikely to take up some of the proposals contained in the motion passed by the CPSA, such as pulling out passport staff indefinitely and halting all ports and airports.

Many delegates admitted that they would be unable to bring out their members in support of a week-long strike, as they could not afford to lose a week's pay.

John Lloyd writes: The Society of Civil and Public Servants—the second largest civil service union—is virtually certain to pass a motion calling on its members to "intensify the supportive and disruptive action" and support an all out five-day strike at its conference today. Mr. Gerry Gillman, the Society's general secretary, said: "If fighting in a gentlemanly way is not enough then we must fight in an ungentlemanly way."

Post Office union chiefs back 11% pay offer

By Nick Garnett, Labour Staff

A PAY offer which would raise basic rates by 11 per cent is being recommended for acceptance by the Post Office Engineering Union to its 130,000 members.

A similar offer, which British Telecom claimed yesterday would add 9 per cent to the pay bills, was also made to the Society of Post Office Executives.

The offer to POEU members working in telecommunications and posts involves a rise on basic rates of 9 per cent extra money from July 1. Two existing productivity payments of 1 per cent each will also be consolidated into basic rates.

The proposals, on which a vote will be taken at the union's conference next month, also incorporates a new productivity deal.

This scheme, linked to total output but not involving changed working practices, would give a further 1 per cent in December and a further 1 per cent in June next year.

The union said yesterday there was no upper limit to possible payments in the scheme and that one of the new 1 per cent payments would be consolidated from July next year.

Blacking threat to ICL contract

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE £150m PAYE computer project contract — won by troubled ICL against strong foreign competition — may face delays.

The system is one of a number of projects likely to be blacked under a policy of non-co-operation expected to be adopted by the Society of Civil and Public Servants at its conference later this week.

The union's executive has proposed a "positive programme of non-co-operation." This would embrace "a refusal to participate or assist in the trial stage or in pilot running, no acceptance of training obligations, and a refusal to co-operate in the implementation of new applications which are included in the council's list of blacked projects."

Apart from the PAYE system the list of projects includes the replacement of the Driver and Vehicle Licensing Centre's computer mainfream at Swansea, the computerisation of much of the work of the Passport Office, and the automation of the bulk of supplementary benefit cases and short-term benefits.

The executive has proposed the action following the breakdown of 18 months of discussions between the Civil Service unions and the Civil Service Department on introducing automated systems.

The talks broke down because of the Department's refusal to concede a reduction in working hours as a quid pro quo for operating the new technology.

The PAY Esystem, one of the first Government contracts open to foreign computer companies as well as ICL, was won by the British company after a long period of Government indecision.

ICL mounted a strong lobby for the contract, saying its loss to a foreign company would seriously damage its prestige.

Aerospace staff accept 9% rise

Financial Times Reporter

MORE than 1,000 white-collar workers at the British Aerospace factory at Christchurch, Dorset, have accepted a 9 per cent pay rise.

The 1,200 hourly paid workers, refused the offer last week, claiming the company could afford to pay more. They have now asked for further talks with management.

Engineering workers may oppose Nissan plant

By Our Labour Staff

THE Amalgamated Union of Engineering Workers may oppose the Nissan Motor Company's plan to build a £300m plant in the UK, Mr. Terry Duffy, the union's president, warned yesterday.

He said that he had supported the project on the understanding that an initial 60 per cent of its component requirements would be British, rising eventually to 80 per cent.

He said his union had since received reports from the UK component industry that Nissan did not plan to give hard-and-fast guarantees.

Mr. Duffy told an Industrial Society conference in London that if the reports were true the union would oppose the plan.

The AUEW's participation in last month's joint union rejection of Ford's introduction of quality circles into its UK plants to study and assess the quality of production did not mean he was opposed to circles as such, Mr. Duffy said. He said Ford "did wrong" by introducing circles without pre-notification.

Asked whether he meant that the introduction of circles should be a matter for negotiation with unions, he said: "If you introduce them without approval, it is dictatorial and counter-productive."

Public employees criticise forces pay rise

BY PAULINE CLARK, LABOUR STAFF

THE GOVERNMENT'S plan to allow an 11 per cent pay rise for the armed forces was severely criticised by union leaders of public-sector, low-paid workers yesterday.

Mr. Alan Fisher, general secretary of the National Union of Public Employees, made the attack before 800 delegates at the union's annual conference in Bournemouth. The conference criticised the 6 per cent wage ceiling being placed on Government employees, including civil servants and health service workers, this year.

Mr. Fisher said: "We are faced with a Government whose faith and respect in the public service which it thinks it can do without is very different to its faith in the armed forces which it thinks it may need in the near future."

He left it to the delegates' imagination to see the meaning of this policy, but it would be "apparent to most people at this conference" why the Government had decided to accept the recommendations of the Armed Services Pay Review Body while refusing to allow other similar bodies, such as the Clegg Pay Comparability Commission and the Civil Service Pay Research Unit, to continue to set pay standards elsewhere.

The comment is significant because NUPE ambulancemen are threatening action over pay which could lead to troops being used to deal with emergencies.

Mr. Fisher's comments were made during a long and emotive debate yesterday on wages in the public sector. The conference supported calls for a strategy to fight wage restraint policies by any government, and agreed industrial action should not be ruled out.

The union's traditional stand for flat-rate, instead of percentage, pay increases and a minimum wage of at least two-thirds of the national average was reasserted.

Although the conference did not accept the executive council's statement on wages policy, leaders managed to fend off a resolution seeking an £80-a-week minimum wage for public service workers, compared with the present minimum of just under £60.

A militant motion calling for a £30 increase in basic pay and for a special national delegate conference to decide on further action was lost by 5,445 votes to 3,662 in a card vote.

Mr. Fisher accused the Government of establishing a first and second division in its present pay policy in the public sector. It was prepared to give way to the industrial muscle of miners, power workers and water workers, but was "hammering down" everyone else.

It was a priority for the unions now to seek a "concise and clear" agreement with the Labour Party on public-sector pay ahead of the next general election.

Miners agree to pit closure in Wales

BY ROBIN REEVES, WELSH CORRESPONDENT

THE SOUTH Wales Miners' conference yesterday agreed to the closure of Morlais Colliery, near Llanelli, one of two pits on last February's National Coal Board closure list which was responsible for the short-lived miners' strike.

Following a closed conference debate, Mr. Emlyn Williams, the South Wales miners' leader, said the shutdown had been accepted, subject to satisfactory negotiations over the transfer terms for the 202 men involved.

Controversy over the colliery's future was brought to a head last week by roof falls and near floods in the mine. Mr. Williams said they did not necessarily accept that men working in water was sufficient reason for a pit to close. At one stage he believed the NCB was trying to rush things through.

Having examined the conditions for themselves last week, the local leadership accepted that working conditions were no longer reasonable.

The other condemned pit, Brynlliw, employs 600 men. This pit was among the five collieries reprieved last February. The Government then agreed to make more cash available to the industry to prevent closures.

Earlier, Mr. Williams, in his opening address to the conference, warned of more militancy against Government policies. He said the miners had a social responsibility to take extra-Parliamentary action against the Government.

He also attacked the TUC for the lack of ideas, on tackling unemployment.

The TUC should be telling the Government that the trade union movement would prevent the destruction of British Industry and the erosion of British society through positive action.

"Do the rules of democracy require that we all sit suffering quietly while our industry is being dismantled and jobs disappear, until the next time we can cast our vote?" he asked.

"If the miners cannot fight, then no one can. There is no doubt in my mind that the miners have a historic mission to lead class struggles," he said.

Referring to last February's industrial action, he said it had sent a shockwave through the political system, but before the miners had really shown their strength, Mrs. Thatcher had capitulated.

The Welsh miners' leader also called for 100 per cent backing for Mr. Arthur Scargill, the Yorkshire miners' leader, in his bid to succeed Mr. Joe Gormley as NUM president.

A measure of the support which Mr. Scargill enjoys among delegates was indicated by a vote in favour of inviting him to address next year's Welsh Miners' gala, in preference to Mr. Michael Foot, Mr. Tony Benn or Mr. Neil Kinnock.

No quick solution to labour unrest, says ACAS chief

FINANCIAL TIMES REPORTER

FINDING A better way of cutting down factory-floor conflict is a long-term objective, and is unlikely to be solved permanently by high unemployment, trade union delegates were told yesterday.

The warning came from Mr Patrick Lowry, the new chairman of the Advisory Conciliation and Arbitration Service and former personnel director of British Leyland.

Mr Lowry was underlining his recent doubts about the Government's view that the slump has brought "a new sense of realism" to the shop floor.

Addressing the conference of the General Federation of Trade Unions in Southport, he said some industrial conflict and brinkmanship in collective bargaining was inevitable.

A better way of solving factory-floor problems by changing the attitudes that had bedevilled British industry for many years must be found, but he thought this could take several decades.

He went on: "But as time goes by, there will be a greater understanding than there is now about the economic consequences of certain kinds of claims, and out of that we will possibly not get the strike records we have been getting in the past 20 years."

Mr Lowry made it plain that, in his view, the present lower pay settlements are more likely to be related to the low demand for jobs than a permanent change in the trade union negotiating stance.

Nuclear policy vote today

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE POLICY of unilateral nuclear disarmament may gain the support of one of its traditionally most bitter opponents today.

The Electrical and Plumbing Trades' Union is to vote on a motion from its Liverpool shipbuilding branch "applauding the statement by the leader of the Labour Party to remove Cruise missiles from our country."

The debate, begun yesterday, was adjourned until today. Mr. Frank Chapple, the union's general secretary, said after the debate that the executive—which is opposing the motion—could lose the vote, ending 20 years of a multi-lateralist policy.

"It is a very emotional subject—people aren't rational about it," he said.

M .r.Edward Sabino, a delegate from Liverpool, told the 800 delegates that "the balance of terror was now absolute." The union should join the "mass movement for peace."

Details on monthly benefits proposals

By Elinor Goodman, Lobby Correspondent

THE GOVERNMENT is today expected to announce details of its controversial proposals to give social security claimants the option of having their benefits paid monthly through the bank.

Conservative backbenchers—ever since the idea was first mooted—have threatened to block it because of their fears of its implications for Britain's small country post offices.

In an attempt to placate them, Mr. Patrick Jenkin, Social Services Secretary, will lay great stress on the extra business which the Government intends putting the way of sub-post offices.

New arrangements are to be made to increase the amount of business which post offices can do for nationalised industries. Bus passes and rail passes will probably become available from post offices, while greater use is to be made of the National Giro in relation to social security payments. Some extra money may also be made available to sub-post offices in real trouble.

The new arrangements will not come into force until 1983. Claimants will still have the option of collecting their benefits weekly from the post office. But, in a decision which may upset some of the sub-postmasters who mounted such an effective campaign against the original idea, it looks as if the onus will be on claimants to opt out of monthly payment rather than receipients having to specifically ask to have their benefits paid through the bank.

Move against taxing jobless benefit defeated

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT's proposal to tax unemployment benefit is likely to mean the employment of 3,500 additional civil servants, Mr. Nigel Lawson, Financial Secretary to the Treasury, told the Commons last night.

The size of the increase brought gasps of astonishment from Labour MPs but Mr. Lawson pointed out that this should be seen against the reduction of 9,000 in revenue staff which the Government had already achieved.

A Labour attempt to reject the Government's proposals to tax unemployment benefit was defeated by a majority of 65 (210-275).

Later, the Government's proposal to tax supplementary benefits paid to strikers and the unemployed was approved. A Labour amendment to reject the scheme was defeated by a majority of 63 (212-275).

Mr. Lawson, speaking during the committee stage of the Finance Bill, said that the increase of 3,500 would include staff in the Inland Revenue, the Department of Employment and the Department of Health and Social Security.

When the taxing of benefit comes into effect in April next year, it is expected to bring in £240m in revenue, he said.

Mr. Lawson was faced with demands from Labour MPs and

Lawson: said taxing of benefits should bring in £240m in revenue.

from Mr. Keith Best (C. Anglesey) to say whether the Government would reinstate the 5 per cent abatement which was made in unemployment benefit last November in lieu of tax.

But Mr. Lawson was very cautious on this point which involves revenue of £50m. He said that no decision had been taken yet. It would, however, be decided one way or the other as part of the public expenditure review due to take place this summe rand autumn.

A decision would be announced well before the taxation of unemployment benefits comes into effect next April.

From the Opposition front bench, Mr. Robert Sheldon, a Labour Treasury spokesman, said his party had no objection to the principle of taxing benefits. He was, however, strongly critical of the particular scheme now brought forward by the Government.

He thought the Government was indifferent to the grievances and anxieties of the unemployed—"it is trying to get taxation *of short-term benefits on the* cheap and nasty."

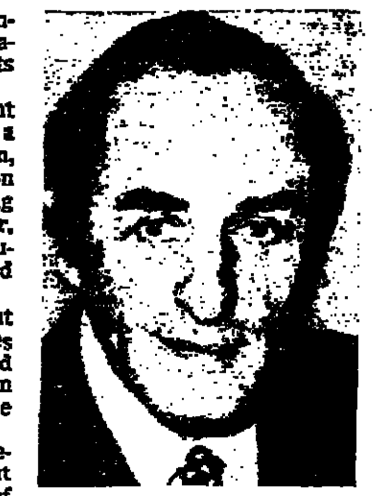
Labour, he said, was not prepared to see civil servants put in the invidious position of harrowing people who were on unemployment benefit as a result of the failure of Government economic policies.

"We have seen some very rough justice here," he said.

He argued that the Government had flunked putting the specific details of its proposals in the Bill but intended to bring them forward by means of regulations.

He indicated that a future Labour Government would change the system.

Mr. Sheldon claimed that in order to get round the complications of the system, the



Sheldon: indicated a future Labour Government would change the system.

Government was proposing that the Civil Service would make a statement to an unemployed person of the amount that was owing in tax on his or her benefit. If no objection to this was lodged within 30 days, then the amount of tax stood. It was not subject to appeal, was not subject to the rule of law and a constituent could not even raise it with an MP.

"All these matters will be turned aside because the Government needs a simple system to make the whole thing work," he said.

But Mr. Lawson maintained that Mr. Sheldon had got it wrong. He said that under the scheme an unemployed person would receive the gross benefit with no deduction for tax.

But nor would he receive any refund of PAYE. When he returned to work or at the end of the financial year—whichever came first—one would be set against the other.

This would mean that in 90 per cent of the cases the unemployed person would in fact receive a small payment of the amount due to him.

Mr. Lawson maintained that the amendments which the Labour Party had pressed to a vote so far on the Finance Bill would amount to an extra £4.25bn. If their public expenditure proposals were added to this it would mean an increase of some £9bn to £10bn on the public sector borrowing requirement.

He feared to think what the consequences of this would be on interest rates, inflation and industry.

"It really is the height of irresponsibility," said Mr. Lawson.

Opposition call for total ban on lead in petrol rejected

BY IVOR OWEN

ENVIRONMENTAL pollution will be substantially diminished by cutting the permitted lead content in petrol from 0.40 grammes per metre to 0.15 grammes per metre, Mr. Tom King, the local government Minister, assured the Commons yesterday.

He rejected Opposition demands—which won some support from the Tory backbenchers—for an immediate decision in principle to ban lead from petrol altogether.

Mr. King claimed that the new 0.15 grammes per metre limit, which the Government aimed to introduce not later than the end of 1985, would reduce by about two-thirds lead emissions from cars some 10 years earlier than any other practicable method.

He stated that the lower lead content would involve the oil companies in additional costs amounting to £200m a year, and was likely to result in another 4p being added to the cost of a gallon of petrol in 1985.

Mr. King estimated that with a total ban of lead in petrol, the additional cost to the industry would be about £350m a year, and the average cost falling on the motorist would increase from £25 to £50.

Mr. Denis Howell, a Labour environment spokesman, argued that the pressure for lead free petrol was so great that the Government's decision to go for a level of 0.15 grammes per litre would be rendered obsolete before it could be implemented.

He declared: "As far as we are concerned we would go for lead free petrol and it is better to give the whole of industry and the motorist the time necessary in order to adjust to that fundamental decision."

Mr. Howell saw the decision announced by the Minister was evidence of a "dogfight" within the Government which had resulted in the Treasury routing the Department of the Environment and the Department of Health.

He feared that the 0.15 grammes per litre limit was likely to lead to the worst of all possible worlds with industry having to face the further costs involved in going to zero at a later stage.

Mr. King replied that he could not be expected to comment "on allegations about the role of the Treasury."

He insisted that if the policy advocated by Mr. Howell were to be followed, there would be a slower improvement in lead pollution.

"On the evidence available to me it would be 25 years before, under the Opposition's policy, we achieved the position that I have recommended should start to be implemented from 1985."

Public employees back status quo on electoral college

BY PAULINE CLARK, LABOUR STAFF

THE National Union of Public Employees, the Labour Party's fourth biggest affiliate, was yesterday given a clear mandate from its members to throw its weight behind the Left-wing drive to ensure that Labour MPs become more accountable for the decisions taken within the Parliamentary Labour Party.

The union's annual conference in Bournemouth also gave overwhelming support to the campaign to ensure that unions retain the biggest say on who should lead the party and backed Mr. Tony Benn's right to stand in the deputy leadership contest.

Following the shop workers' union vote on the electoral college formula earlier this year, NUPE is the second major union in the present conference round to back the Left-wing campaign to ensure that the Wembley decision on the formula is not reversed at the next Labour Party conference. NUPE, commanding 600,000 affiliated votes, was instrumental last January in securing the success of the Wembley decision to adopt the formula giving 40 per cent of the electoral college votes to the unions and 30 each to the Parliamentary Labour Party and to constituency Labour parties.

The 800 delegates at the NUPE conference unanimously carried a motion calling on Labour MPs, as a condition of nomination, to sign an official declaration that they will abide by and seek to implement Labour Party policies adopted by conference and set out in the manifesto—a plan first floated by Mr. Benn himself earlier this year.

The motion also called on MPs to make available verbatim reports of decisions on major issues taken at regular weekly meetings of the PLP to all affiliated organisations and CLPs.

Mr. Bernard Dicks, assistant general secretary in NUPE, and a member of the Labour Party's NEC, said the resolution seeking to uphold the Wembley decision was not about personalities but about ensuring that NUPE conference resolutions are carried out by a future Labour government.

The union has bitterly reproached Mr. Denis Healey, the Right-wing candidate for the deputy leadership, for having not heeded the problems of the low-paid workers in the past and for forcing the union into a confrontation with the last Labour Government in 1978-79.

Mr. George MacArthur, the mover of an emergency motion calling for Mr. Benn's withdrawal from the contest, said that the Tranent branch in Scotland which drew up the resolution agreed with Mr. Benn's objectives but wanted to see unity in a returned Labour Government. Without Mr. Benn's bid, he said, the Party might have seen Labour councillors securing 1,200 seats instead of 900 in last week's county council elections.

"If we lose the next election we only have ourselves to blame.

Labour Left wins delay on re-selection campaign

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

LABOUR Left-wingers yesterday won a few more extra weeks for their campaign to open up to outsiders the new automatic reselection conferences for MPs. The party's organisation sub-committee decided against endorsing the eight MPs who have so far been reappointed by their local parties without the kind of outside challenges which the Left hoped the new procedures — which they fought so hard and long to get adopted by the party — would bring.

A decision on endorsing the nominations is now to be left to the party's full national executive when it meets later this month. This means that local parties will have another two weeks to make complaints about the way the reselection conferences were handled.

In another move initiated by the Left, local parties are to be circulated with details of the rules governing reselection, reminding them that the same procedures apply for reselecting MPs as for selecting them in the first place.

Reselection was long regarded by the Left as a means of making sitting MPs more responsive to the wishes of their local party activists. Yesterday's manoeuvring reflects the frustration among Left-wingers at the way MPs have managed to get reselected without full conferences.

Check expected on racial bias

INVESTIGATIONS about allegations of racial discrimination may soon be made in the legal and medical professions and certain sections of the Civil Service, the Commission for Racial Equality told the Home Affairs sub-committe on race and immigration yesterday.

The sub-committee had suggested that previous investigations conducted by the Commission might have had more public impact if fewer had been done, thus concentrating resources and speeding up the publication of reports.

Labour attacks trade union statement on jobs march

BY JOHN LLOYD, LABOUR CORRESPONDENT

A LABOUR front bench spokesman yesterday reacted furiously to suggestions from a senior trade unionist that MPs should join the People's March for Jobs or expect trouble.

Mr. John Grant, a spokesman on employment, called Mr. Colin Barnett, an official of the National Union of Public Employees and secretary of the north-west region of the TUC, a "self-appointed jumped-up gauleiter" and said his statement was "probably a breach of Parliamentary privilege."

Mr. Grant, addressing a Labour solidarity meeting at the Electrical and Plumbing Trades Union conference in Blackpool, said that "some of the people who talk in this scurrilous way should remember the role they played in the dying days of the Labour Government and accept their share of the responsibility for what has happened to jobs since."

Mr. Grant said that extremists in the Labour Party "now say that we should meekly accept what they have foisted on the party, irrespective of how it came about and regardless of how much harm it will do.

"We are dealing with highly organised and well-experienced mischief makers. We can't afford mistakes or muddle if we are to rescue the party from its enemies within and move on to winning the next general election for democratic socialism under a Labour Government."

Further criticism of Nupe came from Mr. Tom Breakell, president of the EPTU, during his presidential address. In a reference to Nupe's industrial action during 1978-79 — "the winter of discontent" — Mr. Breakell said: "It does not please us that the unions who brought down the Labour Government are playing a major part in bringing down the Labour Party."

After the conference, Mr. Frank Chapple, the union's general secretary, added his criticism of Nupe by saying that had it not been for its action in the winter of 1979—"I think we may have had a chance of getting Labour re-elected."

Mr. Breakell also strongly criticised the card vote system which ensures the domination of Labour Party conference by major trade unions like his own.

Mr. Breakell took up themes associated with Mr. Chapple when he bitterly attacked the Left in the Labour movement.

He appealed to the delegates not to "fall into the trap of restricting the franchise" and said their duty was to help "give the widest possible democracy."

Crackdown on tax abuses may not be cost effective

BY TIM DICKSON

A MAJOR crackdown on tax abuses by Britain's casual workers would not be cost effective, Sir Lawrence Airey, chairman of the Board of Inland Revenue said yesterday.

Giving evidence to the Public Accounts Committee, Sir Lawrence told how one survey in Merseyside revealed that 95 per cent of names submitted to tax offices by major hotels in the area could not be traced.

Commenting on the possibility of adopting new measures against this sort of evasion he said that "a lot of effort is only likely to yield a small reward.

Earlier Sir Lawrance had told the PAC that 57 per cent of assessments are estimated by the Inland Revenue because taxpayers do not render their accounts in time.

APPOINTMENTS

Save & Prosper chief executive

Mr. Cholmeley Messer has been appointed managing director of SAVE AND PROSPER GROUP. Since June last year he has been joint managing director with Mr. David Maitland, who continues as chairman.

★

Mr. L. B. Heath has been appointed managing director of MAY AND BAKER following the resignation of Mr. E. J. Mackay because of ill-health. Mr. R. Bounds has joined the Board to replace Mr. Heath as director of finance and overseas operations. Mr. Bounds was formerly chief executive of Fisons.

★

ASSOCIATED LEISURE has made the following group appointments. Mr. Roy Phillips as managing director of Associated Leisure Games and Mr. S. Collier assistant managing director of that company. Mr. T. Provis becomes commercial director of Phonographic Hire West and Mr. Roy Wasley a director of Associated Leisure Amusement Machines.

★

Mr. Bill Everard has been appointed managing director of NAPCOLOUR. Mr. John S. Faulder, who has been acting chief executive in addition to his position as chairman, continues as chairman. Mr. Everard was chief executive of Morganite Ceramic Fibres before becoming managing director of J. and J. Cash. Napcolour is a subsidiary of the Charterhouse Group.

★

Lord Robens has retired as chairman of ST REGIS INTERNATIONAL, UK subsidiary of St Regis Paper Company. He is succeeded as chairman by Mr. *Harold L. Hazell*, who continues as group managing director.

★

Dr. W. Diehl has been appointed a director of TRADE INDEMNITY and Sir Anthony Percival has retired from the Board.

★

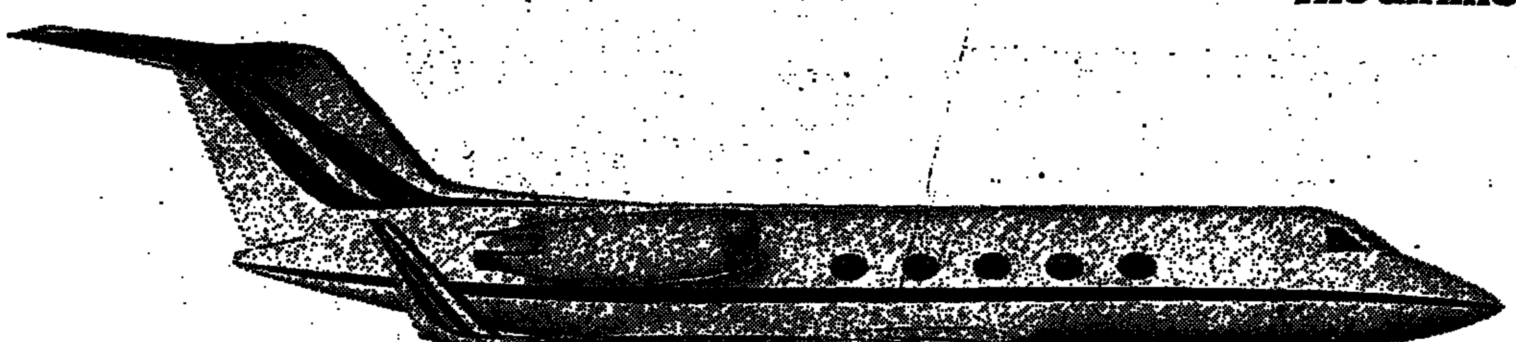
Mr. J. H. Bentley, Mr. M. C. Wilton, Mr. T. C. R. Harvey, Mr. P. L. Hipperson and Mr. J. A. Talbot have been appointed partners of SPICER AND PEGLER. Mr. B. C. J. Beckett and Mr. R. A. J. Hooper become partners in the Gibraltar office and Mr. D. J. Warr will be a partner in Guernsey from July 1.

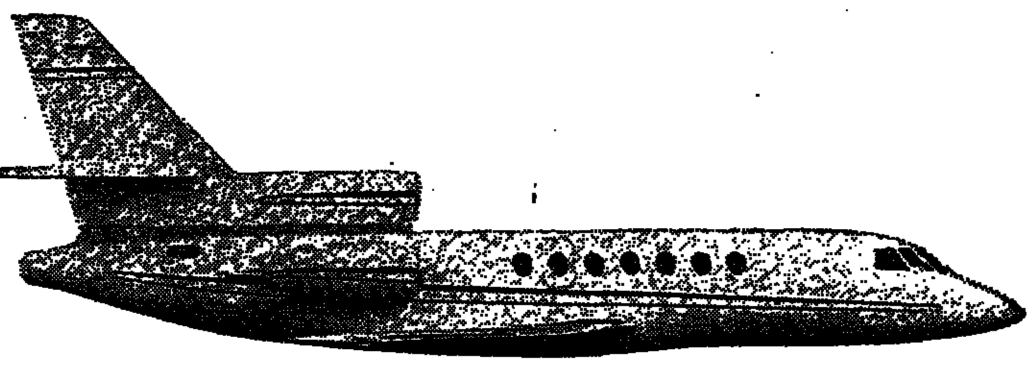
★

Mr. A. R. Sparrow is to become chairman of BLAGDEN AND NOAKES (HOLDINGS) on June 8 to succeed Mr. J. K. Noakes, who will retire from the Board. Mr. R. W. Spriggs replaces Mr. Sparrow as deputy chairman.

Last year, half a million of the world's decision makers got on the wrong plane.

The airlines





Corporate jets

More to the point, they had every reason for doing so.

Because, until now, executives who found themselves taking thirty or forty long-distance business trips a year had but two options.

The first was the airlines. The subway system of the sky, so to speak.

The second was the private corporate jet. For executives with the muscle tone to sit cramped for hours, the patience to keep stopping for fuel and inordinate amounts of money to burn.

The airlines: Even as they raise their fares, they lower our expectations.

The airlines have two major drawbacks. The routes they don't fly, and the routes they do fly.

CAB statistics covering the two-year period since the onset of deregulation show that less profitable routes are being dropped at the alarming rate of over 42 cities per year.

On routes they do fly, rising air fares are overtaken only by rising columns of red ink, making further price hikes more than likely.

And let's not forget the traffic jams to the heavily congested airports, the long lines at the ticket counter and the gate, the indifferent flight attendants, the curious food, the movie they show while you're trying to work, and, of course, the luggage that flies north even as you fly south.

What you can forget is the most important requirement of high-level business travel in the twentieth century.

Random access. The ability of an executive to fly anywhere at a moment's notice. Be it to sign a merger, beat a deadline, handle a crisis or negotiate a treaty.

There is, in fact, only one conceivable way for a corporation to give its top executives random access to jet transportation.

Give them random access to a jet.

And considering the aircraft available until now, the reluctance of most corporations to do so is almost forgivable.

The corporate jet: If man was meant to fly, why did they make it so expensive?

The forerunners of corporate aircraft like the Falcon 50 and the Gulfstream III were designed fifteen and twenty years ago respectively, when a gallon of jet fuel cost less than a dime.

Which explains why the designers were so unstinting in the amount of fuel they allowed their machines to feed on.

But then, in the sixties, you could get away with things like that.

The problem is, the basic designs of the airplanes and the built-in need for large amounts of fuel that go with them have been perpetuated in their newest offspring.

So that flying the Gulfstream III across the Atlantic and back, for example, requires the purchase of no less than 5,230 gallons of jet fuel.

(The Gulfstream III is also every bit as noisy as its predecessors. Nearly three times as loud as the Challenger on takeoff, twice as loud on approach for landing and over four times as loud on sideline, which is precisely where noise has the most impact on the surrounding community.)

What executives clearly require, then, are corporate jets that strike an entirely new balance between bigness and comfort on the one hand and uncompromising frugality on the other.

And that can hardly arise from a concept of air travel based on the ease and abundance of the sixties.

It has to come from a concept of air travel born of the gas lines and fuel shortages and price hikes of the seventies.

The Canadair Challenger: It will fly you more economically and in greater comfort than any other intercontinental corporate jet in the world.

Remember the 5,230 gallons of fuel you need to fly the Gulfstream III across the Atlantic? The Challenger will make the same trip on 4,055 gallons.

Overall, the Canadair Challenger averages a 22% lower rate of fuel consumption per mile than a Gulfstream III, virtually the same rate of fuel consumption per mile as the far smaller Falcon 50 and, hard as it may be to believe, a 3% lower rate of fuel consumption per mile than the tiny, short-range Falcon 20F.

Yet the Challenger is bigger than all of them in the one dimension most critical to passenger comfort and a realistic working environment: width.

Measured at the floor line, both the Canadair Challenger and the bigger, even longer-range Canadair Challenger E are roughly 30% wider than the Gulfstream III and 48% wider than the Falcon 50.

And speaking of range.

The IFR range of the Canadair Challenger makes it one of the few corporate jets in existence that can cross the Pacific with one stop.

Or fly from New York to the Middle East with one stop.

Or fly from Honolulu to Denver non-stop.

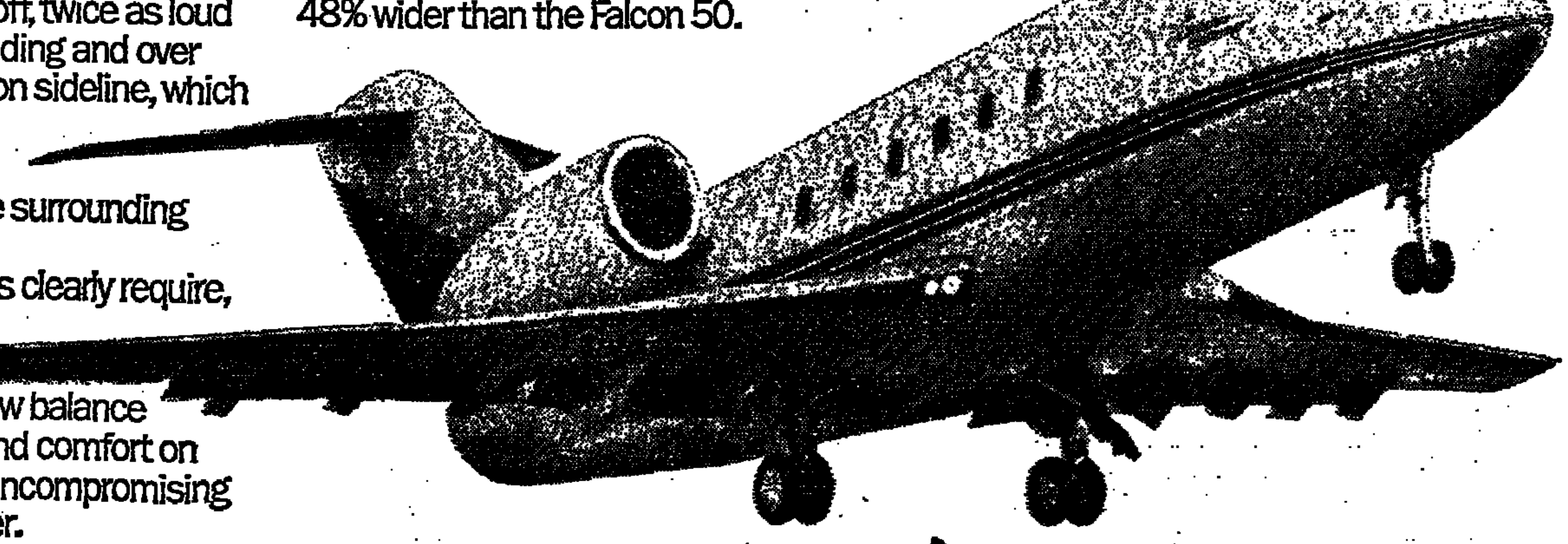
Or from Washington to London non-stop.

For the first time in history, private intercontinental business travel is a practical, economical reality.

We're sorry it took so long.

For more information on the Challenger, call James B. Taylor, President of Canadair Inc., at (203) 226-1581. Or write Canadair Inc., 274 Riverside Avenue, Westport, CT 06880.

In the Mideast business world, TAG Aeronautics Ltd. is the exclusive distributor and representative for Challenger sales and support. For further information, contact Adel A. Oubari, Vice President, TAG Aeronautics Ltd., 14 Rue Charles Bonnet, 1211 Geneva 12, Switzerland. Phone: (022) 46 17 17. Telex: 289 084.



canadair challenger

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Action programme steams ahead

Babcock Power's workers and management are together analysing ways to reduce costs. Hazel Duffy reports

IN a small room over one of the factories at Babcock Power's boilermaking plant in Renfrew, Scotland, a group of production workers and managers is engaged in earnest discussion on the outcome of tests using a new type of arc welding equipment. The welders are keen to get the management to invest in the equipment, but the management wants to be sure that it will get a sufficiently high return on its investment.

Elsewhere in the factory, a similar group meets to talk about the redesign of machine welding equipment in such a way that the manpower using it can be halved. Another group, still in the same factory, has been set up to examine improved costing on a contract which has been taken on a particularly tight budget. The group members are pleased that they have managed to achieve a significant reduction in man hours by rolling flat metal plate into a cylinder in a single operation instead of the normal two, the first part of a planned eight stage examination of manufacturing techniques.

These so-called Action Groups are three of a total of 71 that have been set up so far throughout the Renfrew plant, part of the Babcock international engineering group, since the beginning of the year. They form the groundwork of an ambitious scheme, codenamed Exercise 81, which is designed to reduce the unit production costs throughout Babcock Power by 25 per cent by the end of next year.

The groups are being set up on an ad hoc basis in every department, both production and service, and always involve workforce and managers. In themselves, they may not be making history—communication schemes have proliferated throughout British industry in the past few years with the active encouragement of bodies like the Confederation of British Industry, following the publication of the Bullock Report on worker democracy.

Babcock, however, has decided to put the emphasis on participation, and encourage the workforce to become involved in a scheme which is essential if the plant is to win export orders. Most of the suggestions on cost saving have so far come from the shop floor and management believes that by responding to these ideas, it can involve a much larger part of the workforce than is usual in participation schemes. Out of the 3,800-strong workforce, it is hoped that about 1,000 will have been members of Action Groups at some stage throughout the year. The groups are set up for a specific purpose and are disbanded when they have completed their task.

The structure of Exercise 81 is quite simple. At the ground level are the Action Groups, which are responsible to Planning Committees set up in each department with the departmental manager as leader. The committees are responsible for meeting overall cost cutting targets and monitoring performance. The total approach is determined by the Steering Committee, made up of 16 members, split equally between senior management and trade union representatives and chaired by Allan Smith, managing director at Renfrew. The committee meets every three weeks or so to review progress and discuss strategy.

Jack Johnston, director of production control services, and who designed Exercise 81, explains that guidelines have been established on a basis which is common to the whole plant. Under the heading of raw material costs, for instance, it has been decided that a 10 per cent reduction is feasible through improved design of the equipment (in fact, a much higher percentage has been achieved recently on a major contract), a five per cent saving is achievable through better material utilisation, and 10 per cent through better purchasing methods.

A decade of developing industrial relations

1970 New operating system: introduction of structured control of production.

1973 Flat dayrate payment introduced, replacing the old piecework system of payment.

1975 Inter-union dispute: members of the boilermakers and engineering unions in dispute—five week strike sparked off by the company introducing a premium for welders to stop them being poached by developing oil industry. Inter-union rivalries still remain a problem at Renfrew.

1976 Exercise Impact: Joint management union committee formed to put pressure on Government to bring forward ordering of Drax B power station.

1977 Redundancy: the workforce reduced by almost one third—mostly through voluntary redundancy scheme—because of lack of orders.

1978 Factory rebuild proposal: Discussions started with unions on manning levels, flexibility of manning, etc. in preparation for planned £15m (1979 prices) new factory on the Renfrew site.

1979: Memorandum of commitment signed by the unions which, in return for flexibility promises by the unions, includes a management pledge that there will be no redundancies.

1980: Extensive communications exercise prepared in readiness for introduction of Exercise 81.

Recycling

It is then up to the departmental head to determine these savings, frequently by examining costs, again within the Action Groups. In the drum factory, for instance, which provided the earlier examples, material utilisation is being examined by two groups—one looking at the recycling of scrap material and the other at ordering material to the finished size, rather than buying it and then cutting it on site.

Another significant area of cost reduction is that of payroll costs. Johnston has decided that this can be cut by 5 per cent by reducing work content, for instance, and another 5 per cent by improving the labour mix, i.e., by increasing the proportion of direct to indirect labour, through re-training, etc. People leaving the company are only replaced if they have a particular skill which is required—by the end of the year, natural wastage will have reduced the number of employees by about 125.

Exercise 81 calls for a degree of flexibility among the workforce which has frequently been absent in British engineering plants. It is obviously easier to obtain this sort of flexibility in the current economic climate when unemployment in this part of Scotland makes every one look more closely at his job.

But it also calls for a well informed and motivated workforce which shares a concern for the future of the plant. Allan Smith emphasises that the transformation in the industrial relations climate at Renfrew "from conflict to co-operation" was achieved only over a long period of time—the best part of 10 years to be exact.

"I would not advise any company to indulge in a scheme like Exercise 81 unless they had done a lot of groundwork. The operation has to be built up on trust between management and workforce and that takes time. With the experience that we have gained here, I would expect that we could go into another factory—even one which is still operating in the Dark Ages as far as communication is concerned—and create the necessary climate within two to three years. But it is not an exercise to be taken on lightly."

Exercise 81 is seen as an integral part of Babcock's long term investment programme at Renfrew, which will require a similar degree of co-operation between management and workforce. The first phase, a new factory to be equipped with highly sophisticated machine tools, will start commissioning next month.

The third phase, to expand capacity at Renfrew, can only be justified if and when the electricity generating industry in the UK resumes a steady ordering of power plant. Power station boilers comprise up to 80 per cent of Renfrew's workload. Faced with the meagre pickings in the UK, Renfrew has to find exports.

Despite the rigours of the international power station market, Babcock has won major orders in South Africa and Hong Kong in the past few years, including the boiler work on the recently concluded Castle Peak "B" power station in Hong Kong. The tough pricing negotiations on the latter have convinced Babcock all the more that its 25 per cent cost-cutting campaign is vital.

Members of an action group watch the rolling of a pressure vessel shell; they were directly involved in modifying the process to reduce its cost.

The motives and procedure of Exercise 81 have been communicated to the workforce using the same techniques developed three years ago in preparation for the investment programme. By January this year, 85 per cent of the workforce had attended voluntarily a TV documentary-style film explaining the purpose of the scheme. Responses were invited, resulting in 1,100 questions, which were condensed into a question and answer session between managers and representatives selected by employees, which was also filmed.

The trade union representatives who sit on the Steering Committee are quite clear about why they think participation in the exercise is worthwhile. Jimmy Gallacher, senior shop steward of the Boilermakers' union, says simply: "We want this place to continue, and to be here for our children."

Gallacher, and George Grant, the engineering union convenor at Renfrew, saw at first hand the nature of the competition they are up against when they visited Babcock-Hitachi in Japan last autumn as part of a team organised by the Process Plant Economic Development Committee. Productivity at the main boilermaking plant of Babcock-Hitachi (in which Babcock has a 20 per cent stake) is roughly twice that of Renfrew.

Allan Smith is philosophical about the consequences for Renfrew: "We will never match the Japanese but we want to be number two. They can't win every order — sometimes, for instance, our technology is more appropriate than theirs for a particular customer. But what we do have to do is make sure that our prices allow us at least to get into the starting blocks."

Overmanning

It might be argued that the most direct route towards higher productivity at Renfrew would be to make cuts in manning. After all, Babcock-Hitachi's main plant needs only 1,423 employees to produce the same output as Renfrew's 3,416 (if anything, the "overmanning" is even more apparent among management and staff than shopfloor workers).

But in 1977 when Babcock at Renfrew cut back its workforce by almost one-third, it found that overheads were not reduced significantly. The simple answer for Babcock, as for much of British industry, would seem to be to invest in the most modern equipment while ensuring that manning levels come down. This is, in fact, what Babcock is doing, but over a longer period of time than the purists might advocate.

Smith agrees that he could push the present workload through the plant, and then make people redundant when there is no longer enough work to maintain the present level of employment. But at the end of it, he would be back with a militant workforce and nothing to show for many long years of hard work in creating a sense of trust.

A lot of questions about the effectiveness of Exercise 81 will emerge over the next few months. So far, the planning committees have drawn up cost savings totalling £996,212—two-thirds of the projected £1.5m this year. Those planned savings, however, have to be translated into firm commitments enforced by cutting the budget of each department.

The achievement of 10 per cent savings will also be considerably easier than the next 15 per cent.

The tests, however, will come next year, when the fruits of all the patient explanation, exhortation and participation should be apparent.

Management abstracts

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £2.50 each (inc. VAT and p+p; cash with order) from Anbar P.O. Box 23, Wembley, HA9 8DJ.

Individual abstracting journals cover: Personnel and Training; Marketing and Distribution; Work Study and O and M; Top Management Issues; Accounting and Data Processing. A sixth title, covering Smaller Business Management, has just been added to the series.

Noise Control in Open-Plan Offices. R. K. Herbert in Administrative Management (U.S.), Dec. 80: p. 27 (4 pages)

Claims that difficulties of too much noise and not enough speech privacy at Eastman Kodak's open-plan offices were cured by using an electronic background sound to mute noise and by erecting absorbent barriers around work stations.

Employee Participation and the Shop Steward. M. Marchington + R. Armstrong in Industrial Relations Journal (UK), Jan./Feb. 81: p. 46 (16 pages, tables)

Offers evidence to cast doubt on common assumptions about worker participation — particularly concerning shop steward attitudes/behaviour relating to role conflict, loss of contact with their members, management resistance to allowing stewards to share in decision-making, and shopfloor apathy.

Relocation or Dislocation? T. F. Lederer in Long Range Planning (UK), Dec. 80: p. 10 (7½ pages, charts, table)

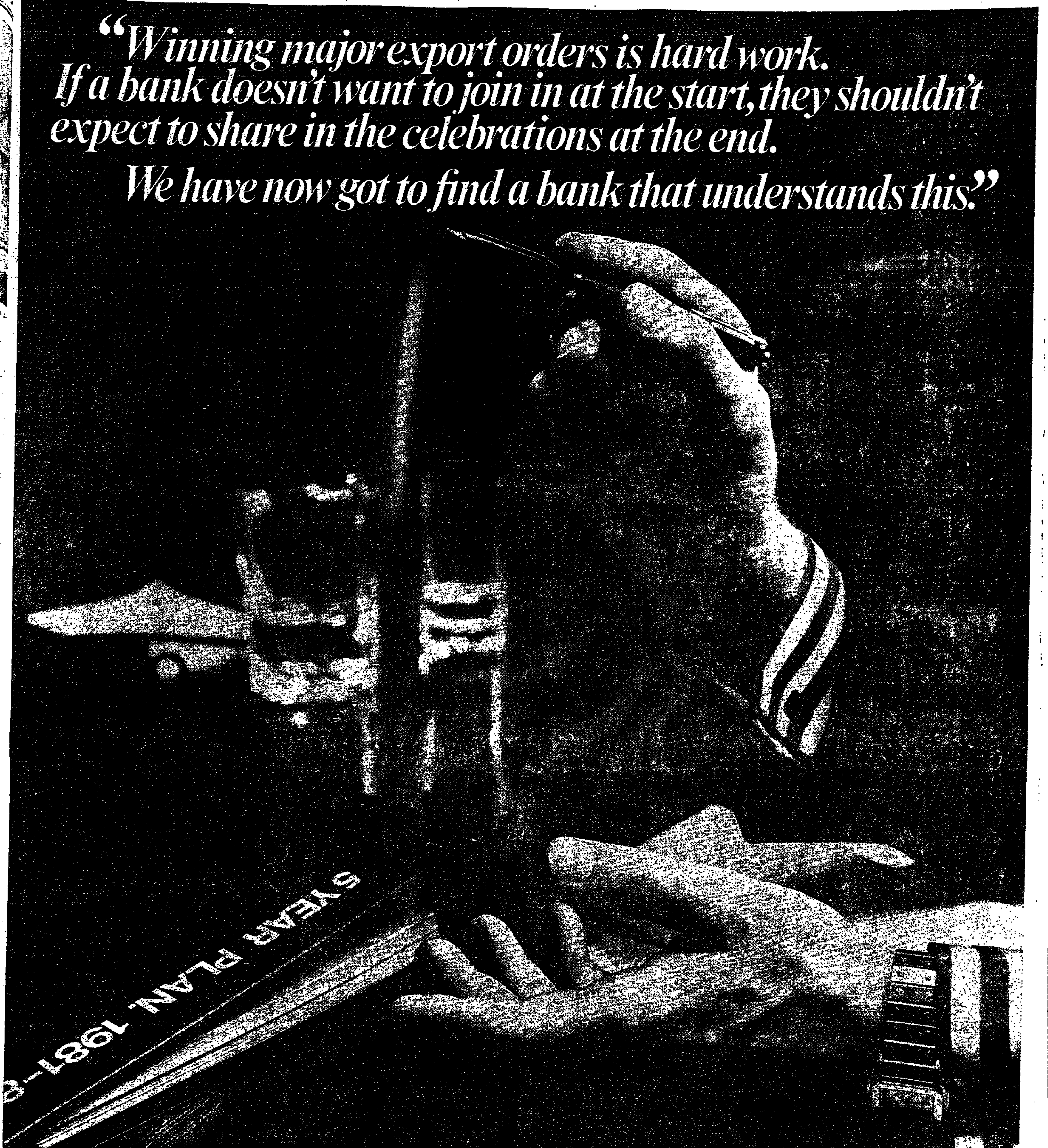
Explains the benefits of a 'location audit' designed to decide whether to move and, if so, when and where; discusses how such an investigation can encompass intangible factors and assesses organisational changes which ought to be made at the same time as relocation; gives a checklist of points to consider.

The Japanese Way of Management. R. Vondran in Manager Magazin (Fed. Rep. of Germany), Nov. 80: p. 106 (6½ pages, illus.: in German, English version available)

A truly informative article by a German top manager who worked in Japan for five years, about the Japanese approach to selecting management trainees, their training years, promotion and hierarchy, continued education, and other relevant issues.

Japanese Management and Management Training. Y. Funaki in BACIE Journal (UK), Jan. 81: p. 9 (3½ pages, chart, table)

Discusses social elements of Japanese management style, noting the high esteem businessmen enjoy and the predominance of life-time employment; looks at management training, which is said to be mostly on-the-job, with little interest being shown in the use of business schools.


"Winning major export orders is hard work.
If a bank doesn't want to join in at the start, they shouldn't expect to share in the celebrations at the end.
We have now got to find a bank that understands this."
5 YEAR PLAN. 1981-8

TECHNOLOGY

EDITED BY ARTHUR BENNETT AND ALAN CANE

Datamake flexibility

BY MAX COMMANDER

ANY MOVE to speed the efficiency and growth of Britain's troubled manufacturing industry must be welcomed.

Ventek, the London-based computer company, believes it may have developed what it describes as a production planning system to help rid Britain of its oft reiterated poor reputation for delivery.

The company has not done it alone. The project needed joint funding from the Government backed National Computing Centre, and nearly two years of research to produce its new software system under the title, Datamake.

The Centre's readiness to put a few hundred thousand pounds of taxpayers' money was a promising start. But the NCC is not an altruistic organisation.

At about £25,000 for the system and a royalty payment on each sale, the NCC is looking for a good return on its investment.

There are similar systems on the market, so what is so special and why should Datamake take off?

Flexibility, say the makers.

Mr. Fred Staples, consultant to Ventek who played a leading role in the development says: "Datamake differs fundamentally from traditional re-order, point inventory and control systems in that the purchase and manufacturing schedule is derived directly from firm and forecast orders — not from records of past usage. It deals with the future, not the past."

The company maintains that the heart of Datamake lies in the concept of net change production planning. Calculations are made from the known forward order book and sales forecasts instead of from historical production information.

David Nyman, Ventek software expert who headed the project says: "With Datamake all changes in a manufacturing environment can be reflected straight away in the production plan.

"A manager can calculate the effect of a supplier failing to deliver, or a major works order being scrapped, or even an important machine breaking down."

Ventek claims that when the relevant information has been fed into the system to produce a manufacturing schedule, daily, or even hourly changes can be fed in to amend the plan immediately.

Managers, it says, can obtain an instant up to date picture of raw materials supply, production of components and progress of assembly.

One claimed difference from other systems is that Datamake does not offer reams of computer print out.

Ventek agrees that at the time the project was conceived it was believed that the system—offering, perhaps, as much as 25 to 30 per cent savings on cash tied up in stock and work in progress—would appeal to engineering and manufacturing sectors.

In the event, with those sectors only now showing some hope of revival from recession, early interest has come from the food, print and pharmaceutical industries. First orders, worth £70,000, have come from a pharmaceuticals customer.

Datamake will normally run on the Ventek Datapoint 6600 minicomputer, although other configurations are available. Ventek is on 01-903 9626.


David Nyman (left) and Fred Staples with the forward-looking Datamake system.

Vero meets Defence Ministry vibration standards

A GENERAL-PURPOSE sub-rack system for holding microprocessor circuit boards, designed to meet Ministry of Defence standards of resistance to shock and vibration, has been introduced by Vero Electronics (04215 69911). Available as a standard, ex-stock product, the system is claimed to be suitable for industrial applications making similar demands on performance.

Designated the KM6 heavy duty system, it conforms to DEF 07:55, BS 20111 and IEC 68-2.6 standards, and complies with DIN 41494 and IEC 297.

In response to increasing concern for safety requirements, Vero claims to have developed a special kit to bond mechanically all the parts of the electronic microprocessing equipment, giving efficient earthing and full protection in accordance with safety standards BS 4743 and IEC 348.

Out of date

SHELL and tube equipment used in heat exchangers is considered out of date by Alfa-Laval, whose new range employs plates and spirals—claimed by the company to effect heat transfer co-efficiency up to three times greater than conventionally constructed heat exchanger equipment.

Designed to ride the bandwagon of air-conditioning installations in the UK, both plate and spiral type of heat exchangers use direct counter-flow of the hot and cold media, ensuring very close temperature approaches and a high degree of thermal efficiency.

Apart from greater energy savings over usual heat exchangers, in liquid to liquid duties this greater efficiency is enhanced by an overall reduction in transfer surface area and weight required for the system. Another benefit minimises condenser fouling or corrosion.

When installed in an intermediate circuit between the cooling source and the condenser, the heat exchanger enables a closed circuit of fresh water to be used for cooling, while the main cooling medium is routed through the heat exchanger.

In engineered systems this can provide a direct cost saving because the condenser itself can then be constructed from less specialised materials. This, says specialised materials.

The plate exchanger type comprises a number of gasketted channel plates mounted between a stationary frame plate and a movable pressure plate. Hot and cold media pass through the heat transfer plates in direct counter-flow.

The surface of each plate has corrugations to promote turbulence which increases the efficiency of the heat transfer process and, because of its scouring action, also reduces the risk of building up scale or corrosion. Thermal efficiency enables temperature differences of one degree C (2 degress F) to be achieved between the two media.

Ireland Alloys beat scrap problem

BY DAVID FISHLOCK

SCRAP SCARCELY seems to be a promising area for aspirants to the Queen's Award for technical innovation. But Ireland Alloys earned it this year for the scientific skills it has brought to the problem of recycling the costly alloys used in aerospace and other high-technology industries.

Because of the difficulties of working some of these very tough alloys, as much as 90 per cent of the raw material may be scrapped.

This scrap may take the form of fist-sized chunks of clean metal, a tangle of turnings, or heaps of milling chips or grit from grinding.

"Our whole philosophy has been to try to prepare high-value scrap in such a way that it can be sold to melters with guarantees of composition," says Dr. George Horn, technical director. "In our experience control in the machine shop is rarely totally satisfactory." The scrap is often contaminated with lubricants and even rubbish.

Ireland Alloys received the award for two scrap recycling techniques. One is its methods for segregating solid scrap, and assessing its value by its own methods of spectroscopic assay of the constituents.

The other is for its processing of the more particulate forms of scrap, which involve cleaning then crushing it into lumps of a purity and guaranteed composition acceptable to the melter.

The company's main base is at Hamilton in Scotland (0698 822461). It employs what Dr. Horn calls a "well-qualified staff of traders" — mostly former works metallurgists who are shrewd judges of what they are buying. With the help of spectroscopic techniques the company has developed, these traders can put an accurate value on a manufacturer's scrap.

Ireland deals in such metals as nickel, chromium, cobalt, molybdenum, tungsten and titanium. They crop up in hundreds of different alloys, used in the aerospace, nuclear, chemical and other high-technology industries. Its catchment areas include the UK, most of Europe, and the U.S., where it has subsidiaries in Chicago and Houston.

Its objective is to supply the melter with "nice shiny lumps of metal," Dr. Horn says. To that end it claims that over the past three years the alloy scrap it has reprocessed has saved £22m in British imports and £13m in manufacturing costs to British firms. Globally, Dr. Horn claims, the company may have saved about 133m kilowatt-hours of energy which would otherwise have been required to produce virgin metal from ore.

Among the customers for its "shiny lumps of metal" are some of the UK's leading vacuum melters.

They are turning the scrap into semi-finished stock from which components as critical as turbine discs for Rolls-Royce's RB211 engine are machined.

POINTERS

Dew point sensors

DESIGNED to measure dew point and ambient temperatures directly and simultaneously, an instrument introduced by Protimeter, Marlow Bucks (06284 72722) is claimed to operate efficiently with the sensor placed more than 10 metres away from the main unit.

The complexity of dew point sensors has previously made it difficult to operate more than one from a single instrument except by the manual plugging in of one after another.

Protimeter is now active in microprocessor applications and one of the first devices to come from its new development laboratory is an automatic multiplexer which is claimed to enable up to eight sensors to be operated from a single instrument.

Combined with a single or multi-pen chart recorder the system will monitor, record, and if necessary control the humidity or dew point in up to eight different rooms, chambers or air-streams.

The multiplexer automatically cycles round the eight sensors, allowing each to perform two or four dew point measurements before passing on to the next, says Protimeter. For each sensor the multiplexer indicates, remotely, both dew point and ambient temperature.

UK study of water resources in Algeria

TWO FIRMS of consulting engineers, Binnie and Partners, Westminster, and W. S. Atkins International, Epsom, Surrey, have been commissioned by the Algerian Ministry of Hydraulics to make a study of water resources in the Greater Algiers region.

The study will be divided into three parts. The first is the master planning of water resources available to the region for the next 30 years. The second concerns the design of the first stage of the system, including river intake, pumping stations, a treatment works, and pipelines for carrying the water to Algiers.

The third part of the study concerns the distribution network in the city of Algiers, which has a population approaching 1m. Starting with a study of the existing distribution system, it will proceed to master planning, design of the first phase, and outline designs to the year 2000.

The study is expected to take about two years to complete and will require about 500 man-months of work.

Low-cost nitrogen generator

HOUSED in a rectangular unit no bigger than the average domestic deep-freeze, a pure nitrogen generator introduced by Gas Services International, Enfield (01-804 8185) is claimed to assure a regular supply of one of the most commonly used industrial gases from a fixed installation at low cost.

One such unit, says GSI, can eliminate the need for daily delivery and collection of heavy steel cylinders by road and also the need to provide safe storage for the cylinders, each of which weighs up to 10 times as much as the gas it contains.

The generator works on a principle developed by Bergbau Forschung, of West Germany, and licensed to GSI. At the heart of the process is a carbon molecular sieve which removes the oxygen from the air passed through it.

This is claimed to leave nitrogen containing negligible amounts of argon, carbon dioxide and water. The system requires a supply of compressed air and electricity for the electronic control gear and valve operation.

Incoming air is passed through two carbon columns, and each release of pressure, as the waste discharges to atmosphere, flushes out the excess oxygen remaining from the previous charge. The nitrogen produced is taken from the top of each column to a storage cylinder from which it can be tapped off as required.

An integral pre-purification system consisting of two in-line filters stops dust, oil or water in the air intake. The unit monitors the oxygen content of the final product and gives a warning if it exceeds the acceptable level. There is also a nitrogen low-level warning.

The purity of the nitrogen output depends on the rate at which air is fed through the generator. A slower rate allows the carbon sieve more time to absorb oxygen, thus increasing the purity of the nitrogen.

Apart from its compressed air and electrical connections, the generator is self-contained. Almost silent in operation, it will produce nitrogen of the required purity within 20 minutes of start-up. GSI claims that its capital cost can be amortised over a short period while most users can expect it to pay for itself, in terms of the likely savings on cylinder supply and transport, within a year.

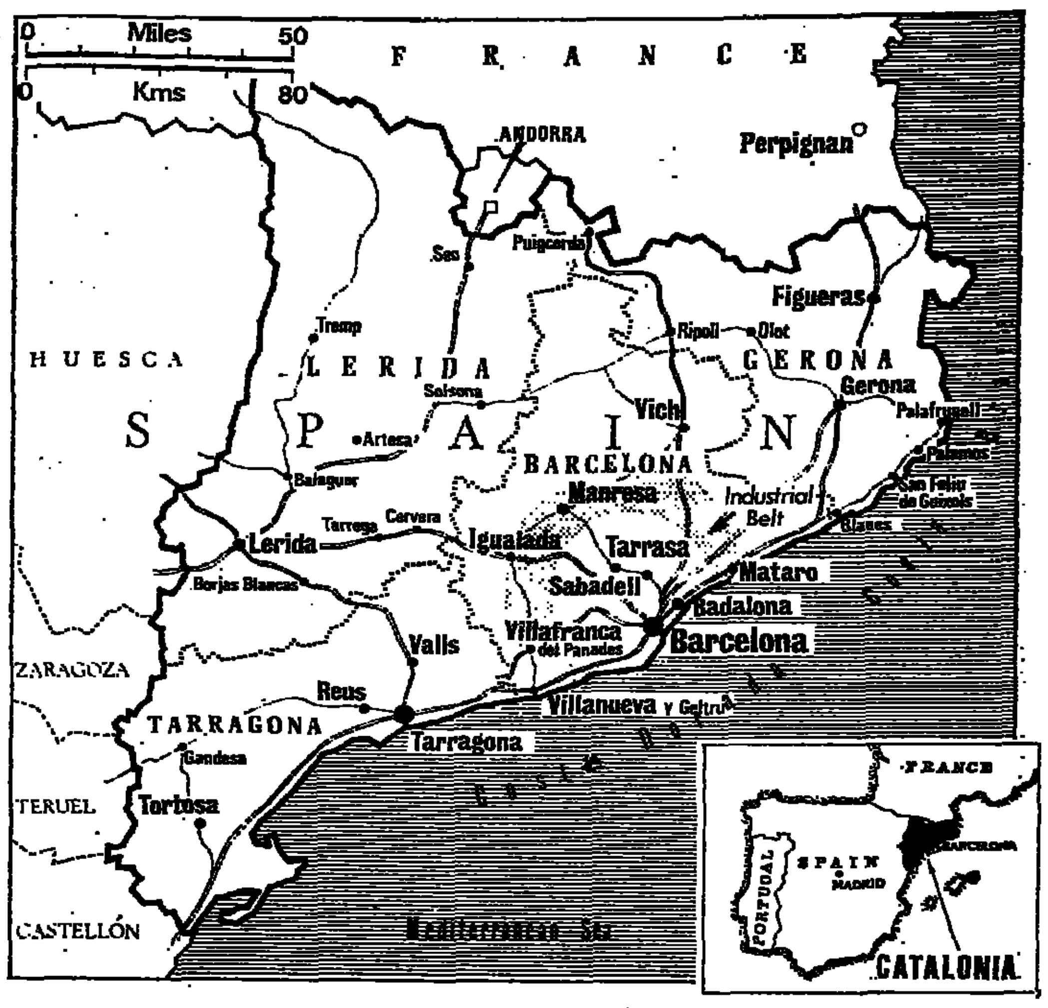
Correction

Under the heading "Solent device" on this page on May 8 the location of Solent Manufacturing was erroneously stated to be in Bournemouth. The correct location is Portsmouth, Hants and the telephone number is 0705 697514.

FINANCIAL TIMES SURVEY

Tuesday May 12 1981

Catalonia



The region has Spain's most diversified economy and accounts for 25 per cent of the country's industrial production and 20 per cent of the commerce. It also has a powerful cultural identity, which is the mainspring behind determined efforts to restore complete automony from Madrid.

Dogged need to stay separate

By Robert Graham

Madrid Correspondent

THE FIRST thing that any visitor notices in Catalonia is the language. The distinct twang of Catalan is omnipresent. For many a Spaniard it comes as a shock to be addressed first in Catalan — and the initial reaction is that this is being done for effect to emphasise a new Catalan identity.

There is nothing phoney about this. Merely that since the death of Franco in 1975 and the establishment of a regional autonomy statute in 1979, Catalans are reasserting what was forbidden — official and full use of their language.

The issue of language arouses enormous passions both inside Catalonia and between the Catalan Government and Madrid, but it is central to the successful evolution of the region's autonomy. Language after all is an integral part of culture and a key element in defining nationality.

Catalan—versions of which are spoken in the neighbouring Valencia region and the Balearics — is the natural means of expression for all native Catalans. The dogged persistence of the Catalans to retain their language despite pressures and repression from the Central Government in Madrid over a period of 500 years has helped set them apart from the rest of Spain.

This separateness, coupled with the region's wealth and strategic position, has caused successive rulers in Madrid to ensure that Catalonia remained incorporated within the Spanish state. Such separateness could always lead to the break up of the sacred unity of Spain.

These fears were fuelled in living memory by the advent of the Second Republic in 1931 and the concession of autonomy to Catalonia, whose autonomous Government, the Generalitat, immediately restored full use of Catalan and introduced the most progressive set of social legislation ever seen in Spain.

Injustices

These fears are still very much alive today, especially in the minds of the armed forces, even though democratic Spain is seeking to redress the injustices of the Franco era towards the regions with historic identities.

Events in the Basque country may receive more headlines — but it is in Catalonia that the content and nature of regional autonomy will be determined: whether Spain will move towards a de facto form of federalism or an uneasy compromise which frustrates both the Central Government and the regions. A few facts and figures eloquently demonstrate Catalonia's importance in this respect.

Catalonia covers 3 per cent of Spanish territory (about the size of Belgium) but accommodates 6m inhabitants, 16 per cent of the total population of Spain. Despite its smallness in relation to other regions like Andalucia, Catalonia accounts for 25 per cent of total Spanish industrial production and 20 per cent of all commerce and services. The region possesses the most diversified and advanced economy in Spain.

Alone in Spain does it have an agricultural workforce of the same small proportions as Northern Europe — while at the same time it has the largest single industrial workforce and the most well rooted middle class in Spain.

Furthermore, Catalonia is the principal gateway to the EEC and the rest of Europe with which Spain is determined to identify and integrate. Catalonia in fact looks more to the north than to the rest of Spain, which is regarded as less civilised.

When the basic agreements were made on regional autonomy two years ago, both the Government and the Catalan negotiating team accepted a statute that was deliberately vague. At the time it suited both parties. However, it is increasingly apparent that Madrid and Catalans have sharply differing views on what the statute means.

Essentially, the Catalans regard the statute as a vindication of their historic identity and an endorsement to promote their own culture and institutions with devolution of substantial control of a series of economic, political and social decisions that will make Catalonia a better run entity more responsive to local feeling. Catalonia would not be any less Spanish, they insist, even though the region would be bi-lingual.

In Madrid, the main political parties accepted autonomy, not necessarily because they liked it, but because they realised it was the best way of dealing with potentially destabilising forces in the regions. This led former Premier Adolfo Suarez to promise a form of autonomy that emotionally and practically no central government in Spain is willing to concede—effective federalism.

Unity

For the past year and a half now, Madrid has been backpedalling, afraid that too great a devolution of power will break the unity of Spain and incur the wrath of the armed forces.

In the wake of the abortive February 23 coup the backpedalling is even more pronounced. This is partly because the military have made it clear their opposition to a liberal interpretation of autonomy. (They have been among the foremost in protesting, usually on mistaken facts, about compulsory teaching of their children of Catalan in schools.)

It is also because the new Prime Minister, Sr. Leopoldo Calvo Sotelo, is governing on the basis of a consensus with the opposition Socialist Party and no longer needs the votes of the Catalan leader, Sr Jordi Pujol's conservative nationalist party, Convergencia y Unio. These were vital to Sr Suarez and enabled Sr Pujol to exert pressure for concessions on devolution.

There has therefore been a considerable slowing of momentum on the transfer of powers to the Catalan administration, the Generalitat, and a souring of the atmosphere between Madrid and Barcelona. On the practical level, the Government has virtually stalemated discussion on the key issue of appraising the financial value of services to be transferred to the Generalitat. It is also holding back on such things as transferring control to the Generalitat of higher education.

On the psychological level, a war of nerves is going on. Snide references are made to the Generalitat's use of Catalan in its official bulletin and the Government seemed more than happy that a group of 2,300 intellectuals signed a manifesto protesting against the Catalanisation of education. The Catalans have also been reminded that almost half the population is immigrant of the past 25 years, many of whom do not speak Catalan.

These are known as the other Catalans—or "Andalans," coming from impoverished Andalucia. They are noticeable because in the urban areas, especially in and around Barcelona, they form the bulk of the working class, living in particular areas which are non-Catalan ghettoes.

Here we come back once again to the issue of language. "If you think and talk in Catalan, it is natural that you should want to write in Catalan. Catalan was not taught in schools under Franco and was effectively prohibited, but we continued to talk it. All we ask of those people who came to work in Catalonia is that they recognise the democracy has changed things and they, like us, speak two languages and we all learn Catalan in schools."

This commonly held Catalan view came from Sr. Francesco Vincens, a member of the republican party, Esquerra Republicana, and director of the Miro Foundation. Sr. Pujol himself reckons it will take at least 20 years before the language issue can sort itself out under normal circumstances. But he has lost no time in promoting Catalan, hard as this is one area difficult to control from Madrid. This does cause a good deal of confusion.

Vociferous

One typically large company, based on Catalonia with operations throughout Spain, told me that all spoken internal communications were in Catalan, but all written notes were in Castillan Spanish fewer than 2 per cent knew how to write it.

As more people learn to write Catalan, more written communications will inevitably be in Catalan. Already protests about this are vociferous from civil servants posted to Catalonia who claim the Generalitat is having difficulty filling posts because of insistence on Catalan speakers.

Catalan is not so hard to understand or dissimilar from Spanish (it relies more on Provencal and Latin), and the politicians in Madrid should realise that the Franco method of cultural repression was counter-productive. Equally, the Generalitat needs to be careful not to offend Madrid gratuitously.

However, it is important to remember that Sr. Pujol spent time in jail under Franco for his Catalanism and he is

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Practical issues becoming more complex

DEVOLUTION

DAVID GARDNER

"CATALUNA es tambien estado —Catalonia is also (part of the) State, and, by implication, an executive part of it—was the brave assertion with which the Madrid liberal daily El Pais greeted a major two-week exhibition in Paris last month devoted to the Catalan economy and culture. Though it is a traditional democratic thesis, in the 12 weeks since Spain's abortive coup a climate has developed which increasingly favours the opposed view that the consolidation of democracy and the devolution of powers to the regions are irreconcilable aims. As a result, the Catalans are having to re-examine what basis such an assertion has in fact rather than imagination.

The Catalans have had returned to them a large portion of the powers they enjoyed under the pre-Civil War republic of 1931-36, and from 897-1714, when Catalan mercantilism was a major Mediterranean force.

The Catalan Generalitat — made up of an executive council or government emanating from a 135-member parliament —has, according to the statute *of autonomy drawn up by an* all-party commission, negotiated with the central Government and approved by referendum in October 1979, responsibility for: economic and territorial planning, public works, health, education and culture, civil law (including limited police powers), tourism, research and development and the media, among the most important powers. It also has partial control over the vitally important local savings banks and the qualified right to intervene in the public sector.

That at least is how it reads on paper. *In practice, these* powers are tightly hedged about by constitutional provisos and dependent on future organic laws or enabling legislation to be passed by the Spanish Parliament.

For its part, central Government reserves to itself the exclusive right to conduct foreign, defence and monetary *policy, sole responsibility* for the state police forces and criminal law, and control over the customs regime, strategic industry and infrastructure. Clear though this carve-up may appear, *the financial underpinning of* devolution is getting more complex as the political clouds gather and "technical" issues become politicised.

For example, Spain has had only one sustained experience of devolutionary budgeting—the *Conciertos Economicos* which applied to all four Basque provinces from 1877 to 1937, and from then on to the two southern provinces of Alava and Navarre. This system charged the autonomous territories with the collection of all taxes inside their area. The amount to be handed over to central government was then fixed — ideally, and three civil wars notwithstanding—by mutual accord.

The Basques now have a modified version of this written *into their statute. After pro*longed negotiation, the Catalans ended up with a mixed system, similar to the West German federal model, combining a share in centrally collected taxes *with local levies.* Sr Ramon Trias Fargas, Conseller (Minister) of Economy and Finance in the nationalist Government led by Sr Jordi Pujol, believes that the Basque system would have been preferable.

Sr. Miguel Roca however, his party colleague and the Catalan Nationalist spokesman in the Madrid parliament, sees the *Conciertos* as fraught with political pitfalls. *The Basque quota* is to be fixed by the Cortes every two years and can hence vary according to the political climate.

The Catalans, by contrast, fix that portion of their income which comes from the national budget with Madrid once and for all, and it automatically rises in line with the increase in Government spending. In practice, both systems can be manipulated.

In the Catalan case, the Government can hold up funds, creating bottlenecks and thereby *discrediting* the Generalitat. State and local priorities could also become easily counterposed. Madrid could decide, say, to cut 10 per cent of spending on education, and spend more *on defence.* It could then make a case for handing over less funds to the Generalitat, which would have to meet the shortfall from other sources. So the Basques, with cash in hand, *have a head start.*

The Catalans have a fall back however in their Cajas de Ahorro or savings banks, which control resources of some $13.5bn, equivalent to about 10 *per cent of all resources in the* Spanish banking system. As a result of a hard fought battle last autumn, the Generalitat will now be able to direct some 30 per cent of the Cajas' investment, and control all special loans.

The Generalitat's actual budget is currently a moveable feast. At the beginning of the *year it stood* at Pta 84.75bn ($725m) but by year end is likely to be nearer Pta 155bn ($1.74bn), some Pta 45bn of which will come from locally raised taxes.

The sudden swell has come with the Generalitat taking over some 23,000 teachers and around 14,000 health service employees. When the transfer *of power is complete,* the Generalitat will control a budget worth Pta 220-230bn, paying the wages of around 85,000 employees. In spite of that, 37 per cent of the budget is currently earmarked for investment. About 70 per cent of the powers laid down in the statute of autonomy have been handed over, but Madrid still keeps key powers, such as research and development — vital for a region traditionally in the vanguard of Spanish industry. The Catalans are also itching to get into the public sector. In 1979 $480m of public money was spent on Catalonia's infrastructure and $750m invested in energy and refining, a mix of the public and private sectors.

*In the present climate of im*passe between the Generalitat and the Government of Sr. Leopoldo Calvo Sotelo, this frequently insubstantial nature of autonomous power has *pushed the politics of gesture* very much to the fore.

PERCENTAGE OF CENTRAL GOVERNMENT RECEIPTS TRANSFERRED TO STATE AND LOCAL GOVERNMENT - 1977

UK	22.6	Greece	11.9
U.S.	26.2	Ireland	27.0
Australia	32.2	Italy	20.6
Austria	26.4	Luxembourg	1.1
Belgium	8.2	Netherlands	42.1
Canada	27.9	Portugal	4.1
Finland	21.7	Spain	3.4
France	12.4	Sweden	26.2
West Germany	22.7†	Switzerland	19.2

† *Treating Laender as part of* local government.

Source: OECD National Accounts.

"Climate" is, in fact, the word on the lips of politicians of all *persuasions* to describe the hostility which characterises recent exchanges between Madrid and Barcelona and which, some fear, signals the deliberate opening of a "second front" to distract *military* attention from the strife-torn Basque Country.

At the level of gesture, examples abound. The Government insisted that the Minister of Culture accompany Sr. Pujol on his visit to the Paris exhibition, for example. By the same token, it forbade the Generalitat from sending representatives to a dinner with a visiting UK Junior Minister of Agriculture. It argued that no Catalan conseller, in strict protocol, was senior enough to treat with him, despite this being the express purpose of his visit.

More substantially, the Government has taken the Generalitat to the Constitutional Tribunal after the Catalan Parliament passed a law last December absorbing the four *provincial diputaciones or coun*cils. As long ago as 1978, Madrid had conceded that diputaciones were to come under the autonomous regime.

What held this up then was the autocratic suspicion of the then provisional president of the Generalitat, Sr. Josep Tarradellas, who feared that *this would* give real powers to his largely decorative ministers.

The stipulation was thus written into the statute in two transitory clauses, and was in effect being little more than ratified by the parliament.

Catalan parties believe the Government's move—and forthcoming legislation to enhance the powers of the municipalities —will drive a coach and horses through their already fragile autonomy, and emasculate the traditional Catalan mode of territorial organisation based on eight natural regions *(reguerias)* subdivided into districts *(comarcas).*

The parties are in some disarray, but they all stand firmly by the provisions of the statute and the belief that without devo*lution there can be no stable* democracy in Spain.

Euphoria fades over the restoration of autonomy

POLITICS

DAVID GARDNER

IN A newly democratic country which has had five elections and six referendums in four and a half years, the only genuine upset at the polls was the Catalan elections of March last year, which returned Sr. Jordi Pujol at the head of a conservative nationalist coalition, to be the 115th President of the Generalitat.

The then Government of Sr. Adolfo Suarez may have been surprised at losing the Andalusian referendum in February 1980; that parties sympathetic to both wings of ETA, the Basque separatist guerrillas, elected five MPs and pulled a quarter of the votes in the general and municipal elections of spring 1979; or that its own UCD party should come in fourth and fifth respectively in last year's Catalan and Basque elections. But it is doubtful if many people in the regions concerned were.

Yet in Catalonia, voters had been marching markedly to the Left of the rest of Spain in the three major elections which preceded the local poll. The province of Barcelona for example, with well over half the Catalan population, had given an average third of its votes to the Socialists, and some 20 per cent to the PSUC, the party of the Catalan Communists — around double the communist vote in Spain as a whole.

Explanations

The Left offered a variety of partial explanations for its (relative) debacle. Local banks had pulled the plug on its main media platform, the insolvent "Mundo Group" of papers, five weeks before the election. The main Spanish employers organisation had organised a fund of between Pta 500m and Pta 1bn to finance "anti-Marxist" parties and papers, while local employers threatened an investment boycott on those areas voting for the Left.

Less tangibly, while Catalans were willing to vote for nationally-based parties in *general elections,* it was argued, in regional elections they were more likely to plump for local nationalists.

Furthermore, the Left pointed out, Catalan electoral boundaries provided a bonus to Sr Pujol's Convergencia i Unio coalition and the local version of the UCD by giving conservative, often depopulated, rural *areas undue weight.*

All of this is true, but even taken as a whole, it does not explain such a radical change in Catalan voting patterns.

Though he no doubt did not see it that way at the time—his own party having polled a poor fourth after having himself spent five days on the stump in Catalonia—the kudos for keeping out the Left ultimately rests with Sr Suarez.

In one of the most inspired moves of his 4½ year mandate —and the one occasion on which he departed from his text of reform on the basis of existing, initially Francoist, legislation—Sr Suarez reached back into the Republican past and came out with Sr Josep Tarradellas, the ageing and autocratic President-in-exile of the Generalitat.

In Spain's first democratic elections in June 1977, Socialists, Communists and Sr Pujol's *coalition, then Centre-Left* in complexion, won nearly two-thirds of the vote in Catalonia. All parties had campaigned vigorously for the restoration of Catalonia's historic rights, wrenched from them after Franco's victory in the Civil War. They gave little thought to the consequences of allowing these rights to be identified exclusively in the person of Sr Tarradellas.

It was Sr Suraez who first glimpsed the possibilities, having sounded out Sr Tarradellas through an intermediary in his French exile, and then in tough negotiations in Madrid. The objective was to sweep the newly victorious Left and Nationalists on to the political sidelines, and was achieved by no more difficult a technique than judo: the Government used its opponents' weight against them.

On September 11, 1977, more than a million people marched in Barcelona to proclaim their national identity. A month later Sr Tarradellas persuaded all parties to form a Catalan "Government of National Unity" to present a united front in Madrid. It soon became clear *however, once the euphoria had* worn off, that the main obstacle to the restoration of autonomy was Sr Tarradellas himself. In an increasingly authoritarian, neo-Gaullist manner, and riveted by what Sr. Ramon Trias Fargas, the current "counsellor" of Economy and Finance in the Generalitat, calls "the decorative view of Catalan autonomy." Sr Tarradellas actually contrived to hold up such powers as were ceded by Madrid.

Sensitive

The leadership of the main parties, aware of their own part in securing Sr Tarradellas' return, sensitive to their co-responsibility in the provisional Generalitat's performance, and above all, anxious not to break ranks before negotiations with Madrid were complete, were tied up in byzantine knots. The parties' rank-and-file and Catalans in general meanwhile, became increasingly exasperated, contributing to a general polarisation in Catalan politics.

Sr Pujol's Convergencia, shorn of its left-wing, managed to outflank both its partners in Catalan government and Sr Tarradellas after the spring 1979 elections. In return for *being seen to deliver some of the* autonomous goods, Sr Pujol delivered his 9 votes to Sr Suarez in the Madrid Parliament to give the UCD an overall majority.

This reflected badly on the Communists and Socialists, already on the road to discredit from their association with the provisional Generalitat, by now a Catalan parody of the Italian Communists' "historic compromise." The increasingly centralist tone adopted by their sister, national parties the PCE and PSOE, further debilitated them.

The Socialists, new arrivals in Catalan politics and comprising a difficult mix of Catalanista intellectuals in the leadership and a largely immigrant base *attracted by the figure of* Felipe Gonzalez the Spanish Socialist leader, gradually subsided into internecine warfare. There was a brief truce when this was subsumed into the overall Socialist crisis, when Sr Gonzalez resigned in May 1979.

With defeat at the polls, hostilities have been renewed, and now take the form of three, and possibly four, parallel attempts to supplant the lacklustre Catalan Socialist leader, Sr Joan Raventos.

The Communists of the PSUC —the single exception which Stalin made to the rule allowing only one communist party in a given country—tried to head off "disenchantment," as its known here, by moving discreetly to the Left. The PSUC was the first major party in Spain to contest, if only mildly, the "Moncloa Pacts" of autumn 1977 between the Government and opposition, and the politics of consensus that went with them. The tactic rebounded at their V Congress in January, when delegates threw out the "Eurocommunist" leadership.

This was not, as it was largely depicted at the time, a pro-Soviet victory. "Eurocommunism equals strikebreaking," said one delegate, while in general there was a profound reaction against what was perceived as the excessively reformist, centralist, and authoritarian leadership of Sr Santiago Carrillo, the Spanish Communist leader.

Pro-Soviet elements, both inside and outside the party, certainly saw their chance, but they did not have the power to take it. Instead, the so-called "Leninist" tendency—best described as left-wing Eurocommunists—won a majority in the central committee and is currently engaged in trying to bind the party back together.

Sr Pujol meanwhile, in the post-coup climate of battening down the devolutionary hatches, has found himself politically bereaved in Madrid with a new Government markedly further to the right under Sr Leopoldo Calvo Sotelo. The Catalan parties could not have chosen a worse moment to exhibit their disarray.

Staying separate

CONTINUED FROM PREVIOUS PAGE

anxious—some would say over-anxious—to redress the balance.

This Catalanism is in fact the base for his widespread support today and explains his party's victory in the Catalan Parliament elections last year over the more favoured leftist groupings—the Communists and Socialists, both identified more with "centralist" views on autonomy.

Living in Madrid and visiting Catalonia, one can see the frustrations of the two sides. But it is hard to escape the conclusions that the Generalitat and the Madrid Government have two completely different conceptions of what the Spanish State should be.

Further, because regional aspirations have been aroused in Catalonia for which there is a past model—the autonomy granted under the Second Republic—to say nothing of the history of the Principality's independence up to its incorporation into the Spanish State in 1479, forces have been unleashed which will be difficult to control unless a satisfactory degree of devolution occurs.

The Generalitat and Catalan autonomy as a whole can only be judged properly if they do things better than the central administration. Yet there is a danger that they will not be given adequate instruments. At the moment for instance, Sr. Pujol has less real power than the centrally appointed Civil Governor, yet Sr. Pujol is the man to whom Catalans look as the symbol of authority.

Thus it was the Civil Governor who on April 24, the day of the Catalan Patron Saint Jordi (St. George, celebrated uniquely with men being given a book and women a rose), banned a demonstration with the slogan "We Are a Nation." He is responsible for public order.

However, it was Sr. Pujol on the night of February 23 when the Madrid Parliament was seized by rebel civil guards, who took the initative and broadcast a televised message to the Catalans, appealing for calm. Everyone now concedes this had a major tranquilising effect.

No other action in Catalonia would have had the same impact and certainly not by the Central Government.

CATALONIA III

Paying the price for unplanned development

ECONOMY

ROBERT GRAHAM

CATALONIA has Spain's most advanced regional economy. The closest parallels with the Catalan economy are not in Spain but in northern Italy. Broad based industrialisation and the creation of a strong service sector occurred much earlier in northern Italy but the similarities are striking.

Both regions have a tradition of regional independence, are close to northern Europe and acquired industrial skills early on. Both have benefited enormously from an economic boom.

Just like northern Italy, Catalonia has developed rapidly in recent years utilising "southern" labour — from Andalucia and Extremadura. The unskilled workforce is almost exclusively non-Catalan.

Modern methods

At the same time the rural zones of Catalonia have been depopulated making it easier to introduce modern farming methods. Just as northern Italy has the smallest proportion of its workforce involved in agriculture so does Catalonia. In Catalonia with less than 7 per cent of the population engaged in agriculture this is over three times lower than the national average in Spain.

The reduction of employment in agriculture has been extremely rapid. Less than 20 years ago 15 per cent of the population was still involved in agriculture against 37 per cent for the whole of Spain. With 19 per cent of the population of Spain involved in agriculture, the Catalan figures demonstrate how quickly things have evolved here. At present 39 per cent of the active population is involved in industry and 45 per cent in the services sector —against 35 per cent 20 years ago.

There are, however, two important differences in any comparisons with northern Italy. First, there are far greater disparities of wealth and economic development within the region. In Catalonia, the seaboard with the Mediterranean has proved a natural pole of development, partly because of commerce through Catalan ports like Barcelona and Tarragona, partly because the small gap in the Pyrenees separating France from Spain forces all land traffic along the coast — at least as far as Barcelona.

No reliable statistics are yet available for the four provinces of Barcelona, Gerona, Lerida and Tarragona. But economists in the Generalitat concede that there is a major disparity between the coastal belt, especially Barcelona and its satellites, and inland Lerida.

Parts of Lerida province are severely handicapped by poor infrastructure and poor quality soil. In contrast, round Gerona and south of Barcelona, towards Tarragona, there is rich fertile soil, while the Ebro delta is an important rice growing area of Spain.

The Lerida region is primarily devoted to cereals and some olives. In terms of added value the most important agricultural production in Catalonia are wines and it is the centre of the sparkling wine industry. Agricultural production in Catalonia, though only 3.5 per cent of total Catalan domestic production, is nevertheless almost eight per cent of the national.

Barcelona and its suburbs account for 70 per cent of all Catalonia's population and it is now recognised that far too much unplanned development has taken place round the capital — Barcelona has the largest ribbon development in Spain for which it is now paying the price with too much poorly controlled polluting industry in residential areas. The only other industrial centres of note are in and around Gerona and Tarragona. The latter is particularly notable for petrochemicals and chemicals.

The second important difference with northern Italy is the lack of heavy industry in Catalonia. Heavy industry in Spain has concentrated in the Basque country and Asturias within easy access of local coal and iron ore and abundant supplies of hydroelectricity. The Basque region's ports were more conveniently sited for obtaining raw materials from northern Europe or the U.S., so Catalonia has no major steel plant nor a significant capital goods sector like boiler making or shipbuilding.

Small scale

This also means the Catalan economy is generally relieved of having to deal with big industrial albatrosses like loss-making steel plants during recession — the big exception here is SEAT, the ailing state-controlled car manufacturer.

In fact one of the chief characteristics of the Catalan economy is the small scale nature of most operations, and this is both its great strength and weakness.

It is a strength because the Catalan sense of individual commercialism thrives, providing enormous flexibility at times of recession like the present. But it becomes a weakness when much of the economy has grown up on the basis of labour intensive activity at a time of low wages and easy soft credit.

It is further problematical when operations like the textile industry have to be adapted to larger scale. "There are very few Catalan enterprises which are on a national scale and this is because most entrepreneurs still see themselves as the man who opens his establishment with a key in the morning to let in the workers and then closes it at night when they have all left," one industrialist commented.

Utilities apart, only a handful of companies which could be considered Catalan are quoted on the four Spanish stock exchanges—the main ones are Motor Iberica, which makes tractors, vans, light trucks and Torras Hostench a paper manufacturer.

The Spanish recession has hit the Catalan economy hard. Unemployment is around 11.6 per cent but in the province of Barcelona over 13 per cent—just above the national average. Construction, textiles and a host of small manufacturing operations have been the worst affected.

However, because of the broad base, the economy appears to be more resilient. One of the hardest things to calculate here is the incidence of the "black" or parallel economy, considered to be more highly evolved here than anywhere else in Spain.

The main priorities which the Generalitat would now like to see adopted include a far greater emphasis on infrastructure. Economists argue that because successive Franco governments believed Catalonia to be a wealthy region they ignored infrastructure development—or put another way, given that Catalonia possesses 16 per cent of Spain's population the resources allocated do not reflect this.

Expenditure on infrastructure —especially a new network of roads connecting up the interior —will condition whether or not a better balance of development can occur within the region.

As for job creation, Catalonia will remain conditioned by the more general movement of the Spanish and European economies to which it is linked.

STRUCTURE OF EMPLOYMENT
(Per cent)

	AGRICULTURE		INDUSTRY		CONSTRUCTION		SERVICES	
	Catalonia	Spain	Catalonia	Spain	Catalonia	Spain	Catalonia	Spain
1962	15.4	37.2	40.6	24.5	8.3	7.4	35.1	30.7
1971	10.6	27.4	41.6	26.5	9.6	9.1	38.0	36.9
1980	6.7	18.6	39.2	27.3	9.2	9.0	44.7	45.0

Source: Generalitat/Banco Bilbao.

Diverse industries a powerful attraction for the majors

BANKING

ROBERT GRAHAM

THERE ARE no Catalan banks among the so-called "big seven" that dominate the Spanish banking scene. These banks between them account for close on 60 per cent of all commercial bank deposits in Spain if their affiliates are included. Given that Catalonia itself provides over 20 per cent of all such deposits, the absence of a large Catalan bank is at first surprising.

The historical explanation for this has been that Catalan banking was seriously weakened by the failure of two important banks in the twenties and early thirties, and was never really able to recover and create one single entity with a regional identity and national stature, like Bilbao or Santander.

This explanation is an over-simplification. Catalonia has long been the region with the most diversified and well established industrial and service base. As a result there has been far greater scope for bankers and all the major banks have had a powerful incentive to ensure they have a strong presence. In contrast the economy of the Basque country has been on a smaller scale and it has been easier for the two big Basque banks, Bilbao and Vizcaya, to establish and retain their position.

The other interesting feature of banking in Catalonia is the particular strength of the savings banks, the Cajas De Ahorro. On average the Cajas account for one-third of all deposits in the banking system. However in Catalonia the Cajas account for close on 45 per cent.

There are 13 Cajas in the region including the Balearics, and these are responsible for one-third of all savings bank deposits throughout the country — a remarkable reflection of the savings capacity of the Catalans and the evolution of the economy.

The giant among the Cajas is the Caixa which now accounts for almost half all savings bank deposits in Catalonia and in terms of deposits is among the big seven commercial banks. The Caixa is without doubt the most powerful single financial institution in Catalonia.

There are only three banks or bank groups of note that are still controlled by Catalans with a Catalan orientation. These are the Catalana Group (Catalana, Barcelona, Gerona, Industrial De Cataluna and BIM), Mas Sarda and its affiliate, Exbank, and Sabadell.

There are five others which are small and local. All the rest are controlled by the major national banks or have sought to give themselves a more national identity as is the case with the Industrial/Commercial Bank, Bankunion.

By far the largest of the Catalan banks is the Catalana group which now has deposits of Pta 228bn (£1.2bn). It has been built up in the last 20 years by a group of Catalan businessmen, headed by Sr. Jordi Pujol, the current head of the Generalitat.

Cautious

Catalana has grown up on a consciously fostered Catalan identity and in this sense could be considered the most "political" of the Catalan banks. It has been prepared to stimulate local business activity and has been content to give itself a profoundly regional footing concentrating its expansion within Catalonia —although it is present in all the major centres of Spain.

It was primarily considerations of preserving an ailing industrial bank in Catalan hands that made Catalana decide two years ago to take over BIM. This was a costly and difficult absorption, carried out with Bank of Spain assistance. Through this industrial bank and its own industrial offshoot, Catalana has important portfolio investments in Catalan industry as well as property.

Sabadell—this year celebrating its centenary—has a completely different identity. It has grown up round the industrial town of Sabadell, close to Barcelona, financing small-scale industry and trade. It also consciously cultivates the small retail customer. Through intimate knowledge of its own market, and cautious management, it has acquired an exceptionally solid base.

Sabadell wants to remain independent and contain its size to natural growth. It has almost 130 branches of which five are in Madrid, and total deposits of Pts 111bn (£580m), which grew 25 per cent last year, well above the national average.

The other Catalan bank, Mas Sarda, remains family controlled and has in recent years been highly successful in the international money markets. It has played an important part as lead manager in raising international loans for the major Catalan based companies like Motor Iberica. Its management believes there is a role for such a small specialised bank and the Mas Sarda family has no intention of selling out in the immediate future to a bigger partner.

Because of the growing sense of Catalan identity and the appeal of a locally known bank, the large national banks have in the past three years begun to adopt a new strategy. They have preferred to retain and increase their share of the market either through boosting existing local affiliates or through buying into existing banks. The most prominent example has been that of the Rumasa Group which occupies the eighth position in Spain.

Since 1977 Rumasa has acquired a controlling stake in Atlantico—deposits Pts 132bn (£690m)—and uses this as the flagship for its group. Rumasa also has two other banks in Catalonia, Condal and Comercial de Catalunya.

Banesto, the largest bank in Spain, has adopted a similar policy through the small Garriga Nogues. Last year Banesto agreed to take over the ailing industrial bank, Cadesbank, which was heavily involved in the textile industry along with its parent Banco de Madrid that also had important Catalan interests.

Of the other big seven, Santander is present through Jover, one of Spain's oldest banks, which it acquired in 1978. Hispano-Americano has the Mercantile de Tarragona, bought in 1977. Last year Bilbao took over Huesca which it intends to use to boost its links in Catalonia. Only Vizcaya and Popular have not yet bought local affiliates.

With the liberalisation of laws on foreign bank operations in 1978, a number of foreign banks have set up branches in Barcelona to service existing clients and compete for wholesale business. There are now 13 foreign banks with branch operations in Barcelona, the first of the new batch being Citibank.

At present purely Catalan banks are responsible for 68 per cent of investment in the region—representing 10 per cent of the National total. This percentage has been increasing gradually and these banks were responsible for 76 per cent of the new investment between February 1980 and February this year. In the current climate it is likely that these Catalan banks will pick up more business and continue to devote their resources to Catalonia.

Unique

Coupled with this is another interesting trend, as yet not evident elsewhere in Spain. The Catalan banks are co-operating ever more closely with Cajas. The Cajas are unique institutions whose closest analogy is to that of a building society. The Cajas are non-profit-making trusts who devote their surpluses essentially to reserves and to supporting social and cultural "good works." Traditionally they have acted as a highly successful instrument for obtaining small savings, and the Spanish financial system has relied extensively on this ability to finance long term investment.

The traditional Catalan grievance has been that the region's high savings have been channelled outside through the system of state directed investments—the Cajas being obliged to channel over 50 per cent of their deposits in this way. But at the same time the funds available for social and cultural purposes have provided an important means of patronage and cultural promotion. Last year the Caixa alone had Pta 2bn available for these purposes and controls 146 libraries and cultural centres, 83 agricultural experimental stations in addition to funding an extensive schooling programme.

With the liberalisation of the financial system since 1977 the Cajas have begun to conduct a number of activities in competition with the banks such as foreign exchange and discounting bills. But they have also found themselves competing more sharply for deposits and indeed have been losing ground to the banks.

Thus the Caixa aroused considerable interest when almost two years ago, it acquired a 7 per cent stake in the Catalana Group. It was the first time a Caja had acquired such a substantial stake in a private bank. This has subsequently been followed up by the Caixa acquiring another 7 per cent stake in Mas Sarda.

These links provide the Caixa with access to direct experience of commercial bank practice.

CATALONIA IV

Holding its share of Spain's production

INDUSTRY

ROBERT GRAHAM

CATALONIA has the largest and most diversified industrial base of any region in Spain. This is not a recent phenomenon and reflects the importance of Catalonia in Spanish industry for well over a century.

What is remarkable, however, is the way in which Catalonia has managed to retain its position in Spain's industrial production despite the development boom of the sixties and early seventies—a period during which new industry began to spring up throughout the country. In the past 20 years Catalonial's share in Spain's industrial production has scarcely varied—it has only dropped from 25.8 per cent to 24.2 per cent.

This suggests that Catalonia has been one of the chief beneficiaries of the economic boom. A sophisticated range of services, a good supply of qualified personnel and a workforce with industrial experience, coupled with the existing industrial base has acted as a magnet for investment.

Catalonia has been frequently preferred above less developed areas like Andalucia and Extremadura for these reasons, even though land, labour and finance were all cheaper elsewhere. This continues to be the case because there is a multipler effect, and one of the main problems facing the Catalan Government is to decide the optimum level of industrialisation, which industries to encourage and which to keep in check.

The principal industries in Catalonia are chemicals and petrochemicals, cement production, engineering — including an important slice of the motor industry—publishing and printing, shoes, tanning and textiles. Allied to these industries are a number of subsidiary activities such as in the case of the textiles industry, the establishment of an important ready to wear clothing business. Textiles is the oldest industry and the one with which Catalonia has been most closely identified. The motor industry on the other hand is relatively new. The newest of all is an infant electronics industry.

All these industries have been adversely affected by the four years of recession in Spain. A cutback in domestic demand has forced many industries to operate at well below capacity or sustain production lines through switching more to exports.

Export markets have often only been found by cutting margins and even selling at a loss. Especially affected have been those industries which are highly labour intensive. Falling demand has been accompanied by steep rises in labour overheads with serious consequences for many small concerns.

According to the Barcelona Chamber of Commerce's bulletin, in the first nine months of 1980, 685 companies were authorised to close involving 14,669 workers and a further 450 were allowed to lay off 28,355 workers. Some 362 companies went into temporary receivership affecting 13,498 workers. The main sectors affected were construction, engineering and textiles. Indeed 20 per cent of all companies affected were in the textile sector. The average payroll of these companies was under 30 persons.

Catalonia provides 70 per cent of Spanish textile production and outside the construction industry is the largest single employer, accounting for over 250,000 workers. The figure could be higher as this is one of the largest sectors of the "black economy" in Catalonia with a large number of people —mainly women—doing subcontracted work at home or in operations that by-pass the social security system.

To survive, the textile industry needs to be rationalised, shed about 20.000 jobs in Catalonia alone, and be given an injection of funds both to write off existing debts and to cover new investment.

Assumption

For the past six months discussions have been going on with the Government and the Catalan-based Spanish Textile Federation over a $2bn restructuring plan. The plan is based on the assumption that Spain will join the EEC and it is designed to align the industry to EEC norms.

While freezing production levels, the plan seeks to raise productivity through reducing labour and introducing new machinery. This machinery will absorb about 80 per cent of the projected £0.84bn investment. Unless agreement can be reached on this plan there are fears that the industry will not be able to face up to lowering of EEC tariff barriers or third world competition.

The textile industry was in good measure responsible for the siting of chemicals in Catalonia. The region accounts for 30 per cent of total Spanish chemical production — this includes plastics, synthetic fibres, dyestuffs and fertilisers. All the big multi-national chemical companies are present, including ICI which has had a laboratory in Barcelona since 1946.

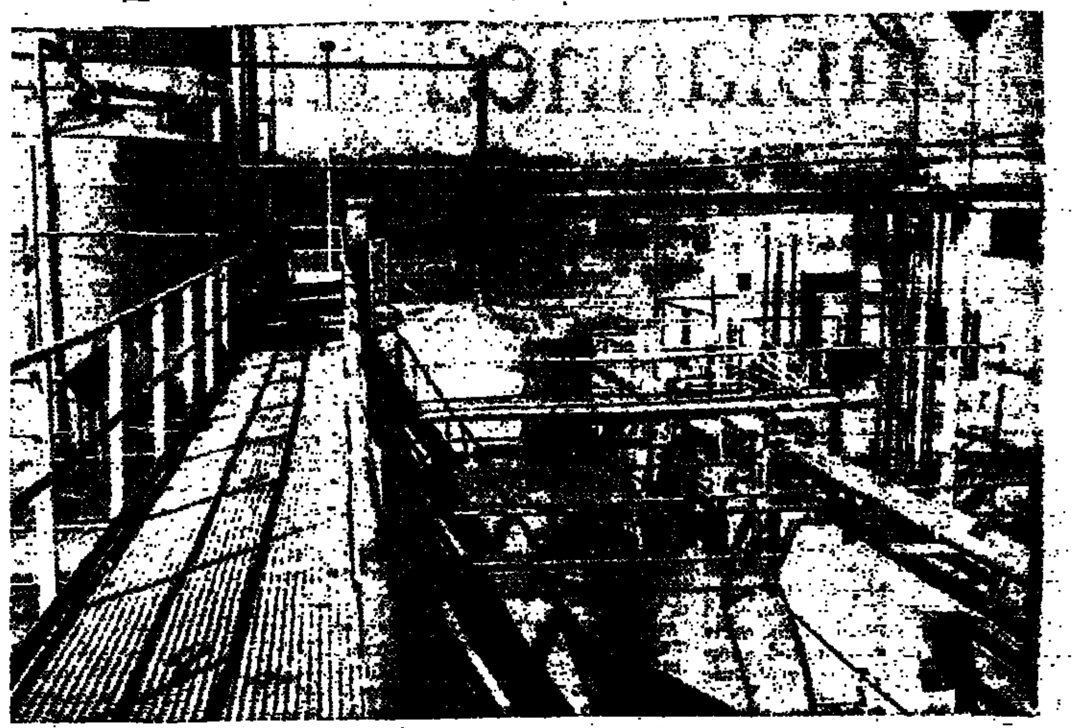
The chemical industry in turn has led to a sizeable element of the Spanish pharmaceutical industry being located in Catalonia. The base petrochemical chemical industry has grown up round Tarragona in the south of Catalonia but there is a growing debate as to the problems of industrial siting and pollution. Dow Chemical has plans for a major investment in a petrochemicals complex at Tarragona. However, Tarragona itself has serious water problems which will only be resolved when agreement can be reached on use of the River Ebro.

On the engineering side, Catalonia has the greatest single concentration of people working in the automotive industry. Barcelona has 25,000 of the 32,000 SEAT workforce. The fate of the company is in the air; the Barcelona factory, the oldest and the largest single industrial employer in Catalonia, has at least one third too many workers. Efforts to rationalise SEAT are being studied but the Government is almost certain to support the ailing company in the near future for socio-economic reasons.

SEAT generates an enormous amount of indirect work and round Barcelona there is the largest array of sub-contractors to the automotive industry. They also help supply the largest private Catalan industrial concern. Motor Iberica, which manufactures trucks, tractors, jeeps and diesel engines — and will shortly be assembling Nissan commercial vehicles. Part and parcel of the motor industry in Catalonia is the presence of a number of motorcycle manufacturers.

Another important employer is the publishing and printing business of which Barcelona is the undisputed headquarters. Catalonia accounts for 28 per cent of all publishing and printing business in Spain and the main publishing houses are located there. It is an export orientated industry and though facing cash flow problems and rising costs, has major possibilities for expansion in Latin and Central America.

Most of the industry is based on no more than intermediate technology. However, there are signs of a move to promote an electronics industry. One of the more interesting projects is a move by the Barcelona-based Piher Group to establish a national plan for micro-electronics, aided by the Government.



Bulk storage area of Mevisa, a 95 per cent owned ICI plant north of Barcelona which produces dyestuffs, resins and chemicals for the paper industries

The Casa Mila, the famous Art Nouveau "organic" apartment block in Barcelona designed by the Catalan architect Antoni Gaudi

Hotels extend season as visitors pour in

TOURISM

DAVID GARDNER

CATALONIA is savouring the apparent paradox that the current recession is providing a boost to tourism, which contributes a vital 15 per cent to the gross national product of one of Spain's key industrial areas.

Last year Catalan tourism earned $1.9bn of Spain's $5.74bn receipts from foreign tourism. By contrast, it earned an estimated $4.5bn from manufacturing exports against gross Spanish export revenue of $16.2bn. This year, the tourist sector looks set to do even better.

Capacity has increased, with nearly 300,000 hotel beds —more than Greece (246,000) Yugoslavia (267,000) and Switzerland (273,000).

Catalonia also boasts camping space for 180,000 (some 70 per cent of total Spanish capacity) and an estimated 400,000 apartments, accommodating up to 1m. people.

There are two keys to the current flowering of Catalan tourism. First, according to the Munich Institute of Cybernetic Research, Catalonia is the cheapest holiday spot in Mediterranean Europe apart from Romania. Second, with fuel prices pushing up the cost of air travel, Catalonia —the Costa Brava and Costa Dorada in tour operators' language—is within a day's drive by motorway from nearly all West European capitals.

Tourism is one of the few sources of new jobs in the current recession. At the height of the season, about 200,000 people are employed. But there are already clear signs that the season is being extended. Last month there were 12 more hotels open in Calella than at that time last year, and in Lloret del Mar, there were 50 more hotels open early.

There are signs—based largely on data provided by foreign touring and automobile associations — that visitors are tending to stay longer. The West Germans and British now average a fortnight, while the French have increased in numbers but not length of stay.

The low peseta has been a tremendous advantage, but the autonomous Generalitat is consciously pitching for so-called quality tourism. With 25 ports and their yacht berths, 12 ski resorts and three casinos, it has solid foundations on which to build. It is also beginning to attract substantial weekend traffic.

Barcelona is one of Europe's most stimulating and under-estimated cities, and the Generalitat, in the person of Sr. Francesc Sanuy, Minister for Commerce and Tourism, is carefully weighing up its saleability. The 1982 World Cup which will be inaugurated in Barcelona, is one golden opportunity. Expenditure on infrastructure — greviously strained in some areas during the height of the season when the population increases up to 10-fold—and pollution control are nettles which the Generalitat is well aware it has to grasp.

However, real control over tourism has yet to be ceded by Madrid to the autonomous Government. Until then, according to Sr. Sanuy: "We do 90 per cent of the work associated with nearly a third of all Spanish tourism, with little more than 1 per cent of the civil servants who work in this sector."

His department is, so far this year, operating on a budget of a mere Pta 720m ($8m) with 130 employees. This is one-fifth of current State subsidies to tourism, half its advertising budget, and almost exactly equals the deficit of the State-run chain of hotels or paradores.

On the basis of existing achievements, the Catalans are confident that when the money does arrive, it will be well spent.

Profound sense of regional identity and culture

JOSEP PLA, the modern master of Catalan prose, died on April 23, the same date attributed to Shakespeare and Cervantes. Despite his undisputed genius Pla had always been denied the supreme Catlan literary accolade—the Prize of Honour for Catalan Letters—because of his Francoist past. Yet the same judges who refused it to him year after year were willing to put him forward for the Nobel Prize. For the Catalan Prize rewards democratic conviction and civic merit as well as literary talent. That is one hallmark of modern Catalan culture.

Another is its tendency towards the universal. The mere names of Pablo Casals, Antonio Gaudí, Joan Miró, Picasso (an adoptive son), Dalí, and in another generation, Antoni Tapies, Montserrat Cabane and Ricardo Bofill, provide ample confirmation of this. More often than not this tendency goes hand in hand with a profound nationalism and sense of cultural identity—something that Franco tried to exterminate but 40 years of Francoism immeasurably strengthened.

Montserrat Roig

FEW OF THE 75,000 Spaniards who have bought Montserrat Roig's latest novel "The Violet Hour," probably realise that the book was not written originally in Spanish. She wrote it in Catalan, which is her natural means of expression. It is a curious situation and almost without parallel in Europe that a best-selling author should become a national cultural symbol—yet express herself in a minority language and indeed write about a very particular world—the young Barcelona bourgeoisie that grew up in the twilight of the Franco era.

Montserrat Roig (pronounced Roych) was born in Barcelona in 1946. "We were not wealthy since my father was a lawyer who had to support seven children, but there were always lots of books in the house," she says of her background. She studied literature and philosophy at Barcelona University, dabbling in theatre, writing and politics of the Left, which seemed a natural antidote to the Franco dictatorship. Subsequently, she spent a year teaching Spanish at Bristol University.

She quickly moved into full time writing and, aged 24, published her first novel—separating at the same time from her husband. In the past ten years she has published three novels, one book of short stories, one work of non-fiction plus a collection of writings on the role of women in modern society, especially in Spain.

Her novels are finely observed commentaries on the daily lives of friends and acquaintances among Barcelona's intelligensia — writers, painters, poets, political activists: a world with a much richer cultural base than the rest of Spain and rooted in the well-established Catalan middle class.

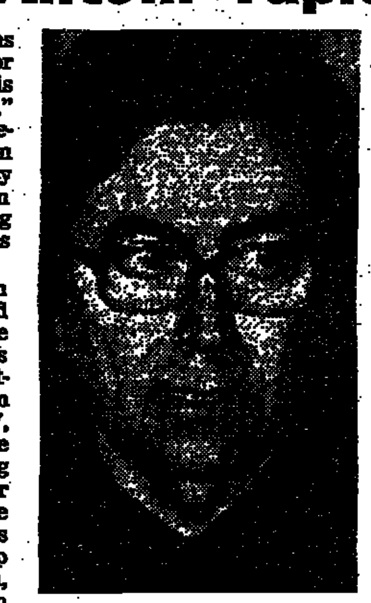
Although this is in many respects an inward-looking world that ignores the rest of Spain, Montserrat Roig's success lies in her ability to articulate the feelings of the younger generation of Spaniards who now have to come to terms with the post-Franco era. She catches very well the sense of disenchantment of those who struggled to see the dictatorship end yet who are now wary of the future, worrying about jobs, their marriages and sexual affairs and establishing their own identities.

In the case of women this is often via feminism, of which she has become a leading, but not uncritical, proponent.

Montserrat Roig's other quality is her determined detachment, reflected in her consciously opting to live alone although she was married and lived with another man for seven years, with a child from each relationship.

Her critics claim that she has written too much about the same subject matter and now needs to change. She is conscious of this and is currently working on a reconstruction of the siege of Leningrad through interviews with survivors — a project resulting from a two-month sponsored stay in the Soviet Union. Her one other work of non-fiction is an account of the 3,000 Catalans who perished in German concentration camps.

Antoni Tapies



THE Ministry of Commerce has just asked Antoni Tapies for permission to use one of his paintings, "Spirit of Catalonia," as a cover for its monthly review. Ten years ago a version of this painting was seized by police from an exhibition in a Barcelona gallery after being denounced as offensive, Tapies recalls with wry humour.

The work uses the Catalan colours of yellow and red, and engraved on its grainy surface—so characteristic of Tapies's work—is a mass of Catalan writing calling for cultural freedom in Catalonia. Tapies, aged 47, has been regarded for some time as one of Spain's leading artists. However, he was never willing to let the Franco regime exploit his international success—and while the dictatorship would have liked to accept him, his strong identification with tabooed Catalan culture was anathema.

Thus it was only last year that the Ministry of Culture sponsored a major retrospective exhibition of his work in Madrid—the Guggenheim Museum in New York had paid him this compliment 18 years earlier. Indeed, since the death of Franco there have been only two major Government-sponsored exhibitions of living Spanish artists, the other being for Joan Miro, now aged 88. Both are Catalans, though Miro lives in Majorca. Miro himself was one of the influences on Tapies as a young painter.

Tapies was born and brought up in Barcelona, where he still lives, but keeping a retreat in the mountains as do a lot of successful or wealthy Catalans. His father was a lawyer working with the Catalan republican government who mixed with many of the prominent Catalan artists and intellectuals of the 1920s and 1930s. Initially he trained as a lawyer but rejected this in favour of painting in 1946.

His initial work was figurative and strongly influenced by surrealism but he quickly evolved a style of his own that displayed his fascination for the texture and surface of paintings. This has led him to make considerable use of collage and to develop a technique creating his surfaces from a mix of powder paint, fine marble dust and coagulant glue.

Critics have referred to his imagery as being a reproduction of walls, and curiously his name does mean "walls" in Catalan, but he shrugs this off saying the association is probably unconscious. His paintings express his inner feelings rather than what he sees—and as such his colours are sombre browns, blacks, dusty beiges, with only the occasional splash of brightness.

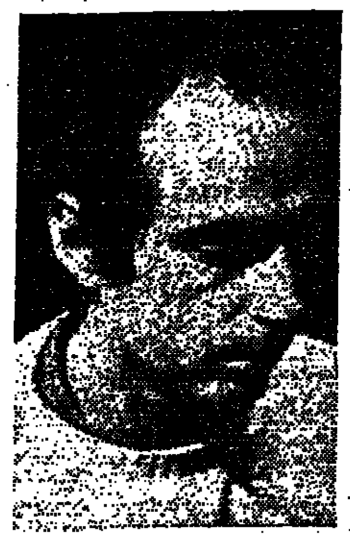
His basic inspiration has been and continues to be firmly rooted in Catalonia, especially the mountains. However, a life-time studying oriental religion and painting intrudes a good deal, especially in the form and brush strokes of his smaller works.

As early as 1948 he was instrumental in forming a group of Catalan artists, poets and writers to produce a semi-clandestine publication, Dau al Set. He has always made a conscious point of underlying his Catalan identity by signing his name in its Catalan form by leaving the "O" off Antonio and by titling his works in Catalan. This led to ridiculous situations with the Franco authorities who refused export licences for some of his paintings either because the titles were written in the officially-banned Catalan or because the bills were made up in Catalan.

Other brushes with authority were more serious: for example when he and a group of 350 intellectuals locked themselves into the church at Montserrat, the spiritual heart of Catalonia, in 1970 to protest against Francoist repression. Perhaps because of his reputation, the authorities treated him warily, even though he made no secret of his being a Marxist.

Unlike a lot of painters, Tapies expresses himself well in print and has written two highly-acclaimed books on painting and aesthetics. He has also been closely associated with poetry through a long friendship with the Catalan poet, Joan Brossa, whose works he has also illustrated. Tapies has become one of the godfathers of Catalan culture and there is little doubt that he is poised to succeed Miro as Spain's greatest living painter.

Lluis Llach



"CATALANS are good at resistance but bad at attack," believes Lluis Llach, who figured prominently in the former under Franco and did his level best at the latter after the dictator's death.

It is not accidental that the Catalan flag and national day (the *senyera* and the *diada*) commemorate historic defeats, he points out, nor indeed, that the Catalan national anthem (*Els Segadors*) resembles nothing so much as a dirge.

Llach, Spain's most popular singer/composer, a nationalist who fits no comfortable mould, a man with an uncanny command of cadence in both lyric and melody, at 34 is already a myth. A leading French journalist, who has seen a lot of him from the early 1970s onwards when he was banned from performing in Spain, claims that not even Edith Piaf had electrified French audiences in quite the same way. Though he sings entirely in Catalan, his stage performances—and he has regularly filled football grounds and sports palaces as well as theatres—transcend the mere formalism of words.

On his first visit to Germany some years ago, he was due to give a concert in Heidelberg. Someone had forgotten to provide translations of his lyrics, and at first Llach refused to go on, but he did, and in his own estimation got the warmest reception of his career.

He finds all this difficult to explain. "I have an ordinary voice, and limited musical ability; I've lived with my thoughts all my life and don't find them especially original and I'm not good-looking enough for the heart-throb magazines."

Nor, even now, is he allowed near TV, despite selling more records inside Spain than almost anyone else—one of his records sold nearly ½m and he regularly sells around 100,000. The Catalans more than compensated this though by inviting him to perform at the Barcelona Opera, unprecedented for a non-classical artist.

Following Franco's death, his recitals worried the authorities with their tendency to become major political events. Before, during and after the first elections of June, 1977, he had concerts banned from Bilbao to the Canary Islands. "I allowed myself to be used as a flag, but only in causes of my choosing. People came to listen to me, but I didn't bind them to anything," he says of this period. "It was often embarrassing, but a privilege."

In 1978 he retired almost unnoticed, disgusted with the drift of events in the Spain of Adolfo Suarez. One of his last songs—"No es aixo . . . ," "not for this did so many flowers perish"—was the masthead of one of the most remarked posters in the minority campaign for a more democratic constitution.

Others, more committed pamphleteers, went on, subsequenly to sink without trace. Llach went back to his village in northern Cataluna, and to his profoundly mediterranean roots. The two records that resulted —"El meu amic el mar" (My friend the sea), and Verges 50, a sensorial history of the village of his youth which is almost entirely music— are seling better than his previous works and establish just how deep those roots are.

He has just returned from a massively successful cycle of concerts at the Olympia in Paris. Typically, on the way back he stoped off in Perpignan to do two benefits to subsidise local Catalan language schools.

Ricardo Bofill

Sr. Ricardo Bofill

"GOTHIC ARCHITECTURE is the most beautiful in the world, but it's also the most expensive . . ." is the peculiarly down-to-earth judgment of one of the great dreamers of modern architecture, Ricardo Bofill. It is a judgment backed by the self-confidence of someone in the business of proving that there are economic and architectonic alternatives to the Goths other than the Vandals.

Bofill's practice, the Barcelona-based Taller de Arquitectura, has consciously sought to compete with what he calls the new vandals of international modernism by demonstrating that the beautiful need not be expensive and inaccessible.

The argument tends to gather force from the unique setting: the Taller's offices in a complex of converted cement silos, bright, spacious, and seemingly held in place by carefully distributed vegetation, in an industrial suburb of Barcelona. Though based in Bareclona, Bofill divides his time between there and Paris, and it is in France where he won his international reputation.

He inadvertently became a public figure when his plans to redesign Les Hales market in Paris degenerated into low political farce as a result of the Chirac-Giscard rivalry; Chirac, as Mayor of Paris, triumphed, on that occasion at least, and had the half-built project demolished.

At the moment, the Taller is involved in four major French projects, including two new towns outside Paris, the redesigning of the centre of Montpellier providing 2,000 new houses, and a plan for 350 new dwellings off Montparnasse in Paris.

Though by most lights this constitutes success, Bofill has failed in some of the more ambitious goals he has set himself.

The Taller spent three years, with 30 of its own group in a team of 300 working from the Algerian Ministry of Housing, building a 20,000-house city in the desert. Bofill's intention was to pioneer, jointly with the Algerians, an alternative mode of development in housing, "putting technology at the service of man and his culture," rather than vice-versa.

Guarantees

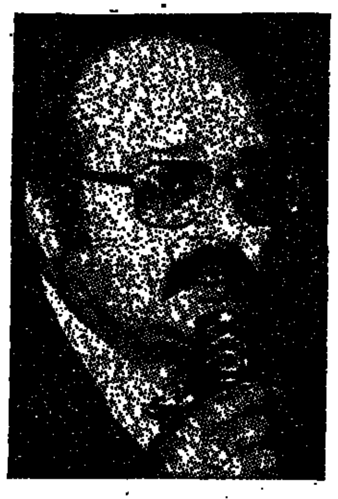
In the event, the Algerians opted — for primarily political reasons, since the cost was actually higher — for Russian, Polish and French prefabricated blocks. "I'm not going to work in developing countries again without reasonable guarantees," he says, not altogether convincingly.

He was thrown out of architectural school in 1956 without a degree, and under Franco was committed to the PSUC, the Catalan Communists. He describes himself as a "fellow-traveller" with the only organised opposition at that time, and is additionally fearful of a new coup in Spain because he would feel obliged to give up work and return to politics.

For the moment, he continues to work on, by comparison, modest projects in the West, turning the methodology of traditional architecture on its head. Bofill designs first, then sees what it costs and how it can be done, moulding the technology to the design. A budget is then draped over the whole and stuck to.

The Taller's multinational and multi-discipline team—which has included a poet, professors of aesthetics and philosophy, and sociologists—see to it through successive modifications that the financial and (in the best sense) populist goals of the project are adhered to. It doesn't worry Bofill that the result is seldom perfect. In Barcelona, he points out, the city of Gaudi, the "divine lunatic" second only to Michaelangelo in his estimation, "there is not one perfect building."

Manuel Vazquez Montalban



IN BARCELONA last month, a meeting between the executive committee of the PSUC, the party of the Catalan Communists, and a high-ranking Spanish Communist delgation led by Santiago Carrillo the high priest of Eurocommunism, was plunged into darkness by a power cut.

The object of the meeting was to try to bridge the chasm between the increasingly radicalised Catalan Party and the Spanish leadership.

Carrillo leaned across the table and rasped through the gloom: "Manolo, I hope you're not going to use this opportunity to kill me..." It was a case of life (nearly) imitating art.

The Manolo in question was Manuel Vazquez Montalban—novelist, journalist, poet, playwright, sometime editor, ironist and gourmet, and a leading figure in the PSUC. His latest and best-selling novel, the Dashiel Hammett-esque "Assassination in the Central Committee," has at the centre of its plot just such a power cut during a plenary session of the Communist central committee. On that occasion, it was followed by the murder of the secretary general.

Vazquez Montalban has started a boom in the "novela negra," as the Hammett-Chandler genre is known in Catalonia. It is a device which provides detachment for the elegant hatchet-jobs which he performs on a series of national archetypes, be they corrupt policeman, bloated bourgeois, or overweening (Communist) bureaucrat.

The corpulent Vazquez Montalban's reputation was originally as a columnist and journalist—mordantly witty as in his Sixtine Chapel column, now nearly a decade old, written under the pseudonym of Sixto Camara; perspicacious yet accessible, as in his mainstream political columns in the left-wing weekly, La Calle; or as an accomplished ironist in the pages of the now defunct satirical weekly, Por Favor, which he edited.

His success has also made him enemies, among them those who claim that he was awarded the 1979 "Planeta," Spain's richest literary prize, in lieu of redundancy money following the closure of Por Favor. His publishers, the publishers of Por Favor, and the funders and appointers of judges for the Planeta are, indeed, one and the same.

Hhe should have won a prize for his curious hybrid of a book "Franco's Familiar Demons." Spanish writers are still on the rebound from losing Franco and his period as a mandatory point of reference.

Few have emerged intact from the jungle of figurative subterfuge to which the dictatorship confined them. Vazquez Montalban's "Demonios," an imaginative examination of Franco's thought processes through his speeches, writings, and well-attested anecdotes, was therefore an all-the-more striking achievement.

The crisis in the PSUC which erupted in January when the rank-and-file threw out the Euro-communist leadership led Vazquez Montalban to make one of the few amusing self-criticisms in Communist history. Tongue in cheek, he warned in the pages of the Catalan party organ "Treball" that comrades shouldn't take anything in his latest novel too literally.

LOMBARD

How to monitor the Treasury

BY PETER RIDDELL

THE TREASURY and Civil Service Committee of the Commons has changed the nature of the public debate about economic policy in Britain in its 18 months of existence. But is the committee making the best of its opportunity or is it, as some Treasury ministers and officials believe, in danger of adopting a wholly negative approach?

The success or failure of the committee will affect further attempts both to strengthen the legislature and to open up the workings of Whitehall. Several of the main points were discussed in the papers presented to an Institute for Fiscal Studies conference last Friday—notably those from Dr. Alan Budd of the London Business School, a former adviser to the committee, and from Mr. Tim Eggar, a Tory member of the committee.

There are several obvious pluses so far. The activities of the committee, and especially its recent major inquiry into monetary policy, have, in Mr. Eggar's words, "forced the Treasury and the Bank of England to justify their policies in a way and in a detail that had never been done before."

In the past 12 months, Mr. Gordon Richardson has provided a fuller explanation of the Bank's views than during the whole of his previous seven years as Governor. And the Bank's standing has probably been strengthened as a result. In general, information has become available which would previously not have been disclosed publicly—and only privately through the pernicious British system of non-attributable briefing. The best testament to the impact of the committee is that its public hearings are more often than not packed out.

Performance

The committee has been at its most effective in monitoring the Treasury's plans and performance. Its reports on civil service pay and cash limits, on the original over-ambitious financial limits for nationalised industries and on the failures of the 1980-81 fiscal and monetary record have all highlighted questions which needed raising.

The committee's recent activities have, however, suggested possible weaknesses. These doubts have focused on the year long inquiry into monetary policy. The issue, as posed by Dr. Budd, is whether it made sense for the committee to try "to resolve matters of greater complexity which were the subject of long-standing and unresolved debate among economists."

The committee was certainly justified in discussing a subject as important as monetary policy. The question is whether the MPs should have gone beyond pulling together the main evidence (in voluminous detail) to forming judgments on issues of theory as opposed to practice. The report shows the confusion and inconsistencies into which a committee of busy (and in most cases non-expert) MPs can get. Dr. Budd has some good points to make on the role of special advisers and how it is a mistake for them to be advocates of a particular position rather than assessors of the evidence (the issue on which he parted from the committee).

Evidence

Both the monetary inquiry and the recent report on the Budget illustrate the dangers of a committee of MPs of widely differing views trying to reach an agreed report on such matters. The result can merely represent the lowest common denominator of agreement with a concentration on negative aspects and without any consideration of alternatives.

Much of the committee's most useful work is hearing and publishing evidence. It is wrong to try and produce firm conclusions where no real agreement exists. The lesson of the past 18 months is that the committee is at its best when it is scrutinising performance rather than debating theory.

There is no shortage of issues worth examination—including exchange rate policy, taxation and the distribution of income and public spending controls. The Treasury committee has established a bridgehead: it should not go off in the wrong direction.

Why cassettes will not oust video discs

IN 1972, Philips unveiled to the world's press its optical video disc system, starting with sensible caution that the commercial introduction would take "longer than three years." In the same year, RCA was releasing details of its own rival system, and AEG Telefunken was demonstrating the Teldec video disc system (later renamed TeD).

It was December 1978 before the Philips system appeared commercially, then (as still) only in the U.S., albeit much quicker than RCA's which was launched earlier this year. Telefunken's system died almost before the discs reached the turntable, and ironically the company has just been named as part of a joint venture with Thorn EMI, Thomson-Brandt and JVC that could lead to European manufacture of another video disc system—that of VHD, developed by JVC and heavily supported by Thorn EMI.

The spotlight is now very much on the video disc. Not only because of the internecine war between the rival systems but increasingly also because some merchants of doom are saying that there is now no future for discs at all. The latter claim is based on the booming success of videocassettes, and has been given curious support by Sony—which in the U.S. now is running "knocking copy" advertisements which list the advantages of videocassettes over discs.

Sony's campaign, supporting of course the company's Beta videocassette system, is intended as a palliative in the wake of RCA's massive advertising campaign for the SelectaVision video disc player. But it is difficult to take Sony altogether seriously because it has an optical video disc system of its own (compatible with Philips) of which Ford in the U.S. has already bought 4,000 units.

The line taken by Sony is that it believes in industrial uses for video discs but sees no consumer potential for the technology; a view based on the information capacity of video discs, but tantamount to saying that printed encyclopedias have only a market in academic circles and have no consumer potential. (There's a thought—door-step video disc salesmen.)

The doubts about video discs were given further exposeure in last week's BBC television programme, *The Risk Business*, which some people I have spoken to considered had short-sold the optical video disc.

The basis for the doubt now being expressed by a few voices is the dramatic success of videocassettes. As this market continues its meteoric growth—with U.S. sales in February up more than 56 per cent over the previous year and similar buoyancy in other countries — it becomes easy to dismiss an apparently similar product which has yet to establish a foothold. Such dismissal comes even easier as the price advantage of video discs is eroded by the declining costs of videocassettes (according to one estimate, blank tape cost per hour in real terms is now only 7 per cent of its 1972 figure).

For those who believe firmly in the video disc—and my own

FILM AND VIDEO

BY JOHN CHITTOCK

colours are now irremovably riveted to the mast—some soul-searching has been inescapable in recent times. The cause of the nervousness is not merely the boom in videocassettes (which in itself can't be a bad sign) but the make or break investment in discs undertaken by RCA.

Many observers believe that RCA's system is the wrong one because without freeze framing, electronic indexing, inter-active playback and stereo sound, it simply has no advantages over the videocassette (a point claimed in the Sony advertisements). It certainly has one major disadvantage, like all current disc systems, in not providing a user recording facility.

The two other rival systems of Philips and JVC are, however, very different from RCA's. But in the meantime, as one Thorn EMI executive put it to me, what would an RCA failure now do to the credibility of the rest of the video disc business? A Philips executive, when I put the same question to him, said: "Nothing—we are too far down the road to be put off by whatever happens to RCA."

At present it could be said that RCA is making some headway to its 200,000 end-year target by sheer marketing muscle in the U.S.—with 43,000 units delivered to distributors in the first four weeks (almost as many as the 50,000 optical players sold in the U.S. in over two years).

Which leads to the question, why has the optical system been so slow? The answer is, unfortunately, an absence of competitive drive and retailing strength. Only with the entry of Pioneer as an optical disc supporter has the U.S. market started to come alive.

Pioneer has recently committed itself to investing in programmes as well as machines (with an interesting UK deal involved too—details at present privileged information). This is the crucial factor which will govern the success or failure of the Philips Laser Vision and JVC VHD systems.

However, the public will buy video disc players only when they discover the unique nature of these systems—which herald a medium as different from television as the word processor is to the rubber stamp. And this discovery will be made only through the availability, on launch date, of programmes demonstrating the point.

Thorn EMI seems to recognise this, although not revealing much about its plans. Philips, until recently, has taken the line that investment in programmes was none of its business — creating a chicken-and-egg problem that it expected programme producers to resolve.

This attitude, is now, thankfully, changing. Not only Pioneer in the U.S., but Philips' original partner MCA are making loud noises about programmes especially designed to exploit the characteristics of the optical disc. In the UK, Mr. Jimmy Dunkley—in charge of the Philips LaserVision project here—has now summed it up in a statement we have been all waiting to hear: "software creativity is the key to long-term video disc success."

Setting out to test the possibilities, Sears, Roebuck — the large U.S. retail group — is going to "publish" its 236-page summer catalogue on optical video discs as well as on paper; some 1,000 homes as well as retailers will receive it in this format, providing them with instant access to any "page" as well as action sequences of fashion displays, sports equipment, etc.

Perhaps RCA's supreme strength in the U.S. may ensure survival of the wrong technology there, but its future in Europe is very uncertain. The short history of this business has demonstrated that superior technology will outlive the simpler systems — Telefunken's disc, Philips's first videocassette recorder, the CBS EVR cassette system, all failed in the face of more sophisticated equipment.

The Telefunken disc system also assured its own failure by coming to the marketplace with a mere 50 titles on disc, most of which were like extracts from aternoon television programmes.

The video disc is different, and if the right programmes are made available *in time*, the public may be persuaded to buy players to operate alongside their videocassette recorders.

The shrinking price differential is, perhaps, only a short-term phenomenon. When Philips, JVC or RCA can reach a monthly output of 100,000 video disc players — the current videocassette recorder turnover from JVC alone — the price advantage of the disc will be restored through lower manufacturing costs. My colours on the mast remain unfaded and loyalist to the end.

Fairy Footsteps looks a winner

RACING

BY DOMINIC WIGAN

LESTER PIGGOTT, who blamed himself for setting too modest an early pace on Fairy Footsteps when landing the 1,000 Guineas, is unlikely to be perturbed if he finds himself having to make his own running on the Oaks favourite at York today.

Fairy Footsteps's stamina never came into play over the Rowley Mile. She needed to be kept right up to her work to hold off Tolmi and Go Leasing after leading almost from the outset.

This afternoon she tackles the 10½ furlongs of the Musidora Stakes. It was in the corresponding event a year ago that the 5-1 chance, Bireme, accounted for eight opponents before going on to victory at Epsom.

The additional 2½ furlongs of this Group III event will suit Fairy Footsteps better than Newmarket's straight mile. But it is not certain that the Warren Place filly will be at her best if the ground is soft. As a two-year-old she ran only on good ground and this afternoon's going is likely to be more testing than the Ladbroke Nell Gwyn or the 1,000 Guineas.

Having said that, doubts about her ability to handle soft ground are only minor. I feel sure the 5-4 favourite for next month's Oaks would not be in today's field were Cecil and Piggott not entirely happy with the ground.

Fairy Footsteps, bidding to give 86-year-old Mr. Jim Joel his first Oaks success in nearly 50 years as an owner, looks a class above the quartet opposing her and should have no difficulty in outpacing the once-raced Miss Markey.

Six course winners have been accepted for the £10,000 added David Dickson Sprint Trophy. This five-furlong handicap race is likely to be as exciting as a year ago when Crews Hall outstayed Susarma.

I believe the sprinter that they will all have to beat this time is Ferryman. The David Elsworth-trained five-year-old wil be all the better for his second placed effort at Epsom and does not seem harshly treated off 8 st 10 lbs. He is ridden by Richard Fox.

YORK

2.00—Trestle
2.30—Ferryman**
3.00—Fairy Footsteps
3.30—Creamy
4.00—Amina***
4.30—Chef Mareel
5.00—Flying Officer*

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill At One. 1.45 The Flumps. 2.01 You And Me. 2.15-3.00 For Schools, Colleges. 3.20 Pobol y Cym. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Godzilla. 4.40 The Record Breakers. 5.05 John Craven's Newsround. 5.10 Children of Fire Mountain.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.50 Rolf Harris Cartoon Time (London and South East only).
7.45 The Tuesday Film: "Crime Club," starring Lloyd Bridges.
9.00 News.
9.25 Sir Frank Whitle: jet pioneer.
10.15 Play For Today.
11.28 News Headlines.
11.30 Platform One.

All Regions as BBC1 except as follows:

Cymru/Wales — 5.10-5.40 pm Bilidowcar. 5.55-6.20 Wales Today. 6.55-7.25 Heddiw. 12.00 News and Weather for Wales.

Scotland — 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 6.55-7.25 Sorry! 11.30 Current Account. 12.00 News and Weather for Scotland.

Northern Ireland — 10.38-10.58 am For Schools. 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 6.55-7.25 'Bout You. 11.30 Lifetimes. 12.00 News and Weather for Northern Ireland.

England — 5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.55-7.25 East (Norwich) — The Pace-Setters; Midlands (Birmingham) — Buying Time; North (Leeds) — Springtime with Geoffrey Smith; North East (Newcastle) — Teacher; North West (Manchester) — Dodd o nhis Todd; South (Southampton) — Talking Sport; South West (Plymouth) — According to Hoyle; West (Bristol) — Day Out (Painswick).

BBC 2

6.40-7.55 am Open University.
10.30 Supervisors.
11.00 Play School.
4.50 pm *Open University.*
6.55 The Great Egg Race.
7.25 Cameo.
7.35 Mid-Evening News.
7.45 Hindsight.
8.15 A Barrage of Questions.
9.00 Pete Sayers Entertains.
9.25 Maybury.
10.15 Top Gear.
10.45 Newsnight.
11.30 The Old Grey Whistle Test.

LONDON

9.30 am Schools Programmes. 12.00 Cockleshell Bay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 Racing from York. 3.45 Square One. 4.15 Aubrey. 4.20 Moondogs Matinee. 4.45 Ace Reports. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Mind Over Matter!
7.30 "Callan," starring Edward Woodward.
9.30 News.
10.00 International Football Special.
11.10 Paris.
12.10 am Close: "Sit up and Listen," with Enoch Powell.

All IBA Regions as London except at the following times:

ANGLIA

12.30 pm Gardening Today. 1.20 Anglia News. 6.00 About Anglia. 7.00 Enterprise. 11.10 Musical Special. 11.40 Tenspeed and Brown Shoe. 12.35 am Fresh Voices—young people read a selection of poems about the elderly.

ATV

12.30 pm Gardening Today. 1.20 ATV News. 3.45 Mind Over Matter. 5.15 Happy Days. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 11.10 ATV News. 11.15 *Paris.*

BORDER

1.20 pm Border News. 5.15 Benson. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 11.10 Jack Hargreaves—*A Yorkshire Childhood.* 11.40 Border News Summary.

CHANNEL

12.30 pm Gardening Today. 1.20 Channel Lunchtime News, What's On Where and Weather. 6.00 Channel Report. 7.00 Benson. 9.58 Channel Late News. 11.13 Born to Swing. 12.10 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 12.30 pm Mind Over Matter. 1.20 North News. 6.00 North Tonight. 7.00 The Entertainers (Dana). 10.00 Scotsport Special. 11.35 North Headlines. 11.35 Late Night Country Music—featuring Dolly Parton. 12.05 am Paris by Night.

GRANADA

1.20 pm Granada Reports. 3.45 Patterns. 5.15 Mork and Mindy. 6.00 Granada Reports on the Road. 6.25 This Is Your Right. 6.30 Crossroads. 7.00 Emmerdale Farm. 11.10 After All That, This. 11.20 Bluey.

HTV

12.30 pm Mind Over Matter. 1.20 HTV News. 5.15 Gold Rush Daze (cartoon). 5.20 Crossroads. 6.00 Report West. 6.30 Diff'rent Strokes. 7.00 Emmerdale Farm. 9.58 HTV News. 11.10 Father, Dear Father.

HTV Cymru/Wales—As HTV West except: 12.00 Poli a Pili. 12.05-12.10 pm Calimero. 4.15-4.45 Camigam. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

12.30 pm Gardening Today. 1.20 News Headlines and road and weather report. 3.45 Mind Over Matter. 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Take the High Road. 10.00 Cup Final Special. 11.30 Late Call. 11.35 Star Parade.

SOUTHERN

1.20 pm Southern News. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 11.10 Southern News Extra. 11.15 Tenspeed and Brown Shoe.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 5.15 The Electric Theatre Show. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.00 North East News. 11.10 Cheryl Ladd Special. 12.00 Christian Aid.

ULSTER

1.20 pm Lunchtime. 3.45 Mind Over Matter. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.35 Ulster Decides. 7.00 Emmerdale Farm. 9.58 Ulster weather. 11.10 Barney Miller. 11.35 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.30 Gardening Today. 1.20 Westward News Headlines. 5.15 Emmerdale Farm. 6.00 Westward Diary. 7.00 Benson. 11.10 Westward Late News. 11.13 Born to Swing. 12.10 am Faith for Life. 12.15 West Country weather and shipping forecast.

YORKSHIRE

12.30 pm Square One. 1.20 Calendar News. 3.45 Calendar Tuesday. 5.15 Calendar—It's a Vet's Life. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.10 Henry Mancini and Friends.

(S) Stereophonic broadcast
‡Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 7.00 Talkabout with Adrian Love. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

VHF Radios 1 and 2—5.00 am With Radio 2. 8.00 pm Life Is Nothing Without Music (S). 9.00 Marching and Waltzing (S). 9.55 Sports Desk. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 The Ed Stewart Show (S) including Racing from York. 4.00 David Hamilton (S). 6.00 David Symonds with Much More Music (S). 8.00 International Soccer Special: England v Brazil. 9.30 Marching and Waltzing (S) (joins vhf). 9.55 Sports Desk. 10.00 The Arthur Askey Variety Show. 11.00 Brian Matthew with Round Midnight. 1.00 am Trucker's Hour with Sheila Tracy (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Monteverdi (S). 10.00 Brahms (S). 10.45 Musica Antiqua Cologne (S). 12.20 pm Cardiff Midday Prom Concert, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 Concert, part 2 (S). 2.10 French Song (S). 2.50 Colonne Orchestra (S). 3.45 Bartok and Haydn (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Orchestral Concert, part 1 (S). 7.35 Conversations with Artists. 8.10 Concert, part 2 (S). 9.45 BBC Singers at St. John's, Smith Square (S). 11.00 News. 11.05-11.15 Eugene Ysaye (S).

VHF only—Open University 6.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way visits Littleport in the Isle of Ely in Cambridgeshire. 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Precious Bane by Mary Webb (S). 4.00 Bagged, Borrowed or Stolen: Petty pilfering in popular music. 4.15 Stella Gibbons reflects upon her life and work as a successful writer. 4.45 Story Time. 5.00 PM. News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News including Financial Report. 6.30 Brain of Britain 1981 (S). 7.00 News. 7.05 The Archers. 7.20 The Hitch-hiker's Guide to the Galaxy (S). 7.50 Dartmoor: An Illusion of Wilderness? 8.35 A Touch of Genius: Robin Ray traces the artistry of soprano Maria Callas. 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Small Intricate Life of Gerald C. Potter. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 Openings. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from The House of Commons. 11.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Mike Dickin's, Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 LBC Special. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen (continued). 3.00 Roger Scott. 6.30 London Tonight. 9.30 Nicky Horne (rock music). 10.30 John Sach's Late Show. 12.00 Midnight Special—Phil Allen.

F.T. CROSSWORD PUZZLE No. 4,566

ACROSS

1 Sappers stand and rest (6)
4 Pain making me ghastly (6)
8 Gulp a bird (7)
9 Prohibited wicked going in the front (7)
11 Recurring series of ups and downs in commerce, or delivery boy's transport (5, 5)
12 Shortcut around head of river (4)
13 Tea producer putting poles in deep (5)
14 Harangue about row in a straight line (8)
16 Cut a cutlet promptly (4-4)
18 Track the needy from the south (5)
20 Left unit isolated (4)
21 Record to arrange in an orderly way, one behind another (6, 4)
23 Want abstraction (7)
24 Model of perfection or fish with silver on (7)
25 Collect to learn by inference (6)
26 Tamper with decoration we hear (6)

DOWN

1 Propeller on a boat (5)
2 Boy in pain or 24 of nighthood (7)
3 Laggard is late on train (9)
4 Run away with pole set up on top of embankment (5)
6 Difficulty I study in Italian stream (7)
7 Musical speed right for a church president (9)
10 Go along with airman and the crew of a ship (9)
13 Lots of fish to catch in pupil's hold-all (9)
15 Offend both ends of panel in complaint (9)
17 Excuse before the words of a book (7)
19 Away with a worker without hesitating (7)
21 Certain to accept the start of capital in foreign currency (5)
22 Free to be unsuccessful about love (5)

Solution to Puzzle No. 4,565

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA. Tomor & Fri 7.30: BARBER OF SEVILLE. Thur & Sat 7.30: ANNA KARENINA.

THEATRES

OLD VIC. 928 7616. CC 261 1821. Thurs & Fri at 7.30. Sat at 2.30 & 7.30. THE BEGGAR'S OPERA.

ROYAL COURT THEATRE UPSTAIRS. 730 2554. I CAN GIVE YOU A GOOD TIME by Gilly Fraser.

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Riverside Studios

Hockney's Theatricals

by WILLIAM PACKER

So much have we come to accept that an extreme degree of specialisation is somehow a condition of our nature that should anyone actually step across a particular line of demarcation, in whatever field of activity he might be engaged, we are inclined to throw up our hands, if not in horror exactly, at least in a somewhat exaggerated surprise. It hardly occurs to us, our memories are so short, that it was not always so, that it was once quite commonplace to see an artist extend himself a bit: write, compose, illustrate, paint a ceiling, build a house, or design anything from a teaspoon to a set for the theatre. But today, rather than invite such adventure by imaginative and confident commission, we hold back, inhibited by prejudice and habit, and pedestrian, vested interest.

It is all so obvious: artists as a rule are intelligent, disciplined and practical people, literate and cultivated, and in turning their attention to fresh and particular problems in fields beyond their immediate preoccupation, are perfectly willing to work within inevitable practical constraints, to come to terms with new techniques and shared obligations, and to accept the necessary technical advice. The artist brings to the exercise a fresh eye and an untrammelled imagination. It is Design that is the Art of the Possible; and to the artist could be given, rather more often, the chance to uncover new possibilities.

There are glimmers of hope, here and there and even in the theatre: the management of Covent Garden is now taking advice and a first project is in hand, though visited with problems and delay — the designs for *Les Sylphides* by the distinguished painter, John Hubbard, lately on show at Fischer Fine Art, not quite what were expected (to require only what one expects would seem to vitiate the whole point of the commission). And there is David Hockney.

He first made the same point some years ago with fine aplomb, by courtesy of Glyndebourne and in the best, which is to say the most obvious, direct and practical of ways, with his settings of *The Rake's Progress* and, more recently, *The Magic Flute*. And lately John Dexter commissioned him to design his French Triple bill for the Metropolitan Opera of New York, which he was producing this spring. Still the point is lost; still Hockney is alone in seeing his work on stage; still we affect surprise: "Oh David, how lovely, how wonderful, how extraordinary, how versatile!" We treat him like some kind of amiable freak, his work in this field an amazing sport and unlooked-for bonus, forgetting that behind all the personal ballyhoo (of which at times he does appear to be both victim and chief orchestrator) there lurks a serious and highly professional artist. He is doing very well only what artists have always been prepared to take on; and when, we ask, are his peers, the Hodgkins, Hoylands, Irvins, Greens and Joneses, the Kings and Caros and Paolozzies, and so many others, going to be given their chance?

The French Triple Bill consists of *Parade* by Satie, with which of course Picasso was so closely associated in the original production, *Les Mamelles de Tiresias* by Poulenc, and *L'Enfant et Les Sortileges* by Ravel, and it seems to have put Hockney on his mettle. This indeed would seem to be the effect the theatre will always have on him, for those previous exercises flushed out work that was wonderfully witty, stylish and inventive, and truly theatrical, more lively and confident that anything else he had done in years, at least in so ambitious and public a manner. This new work goes even further, being more open, relaxed and unforced than ever.

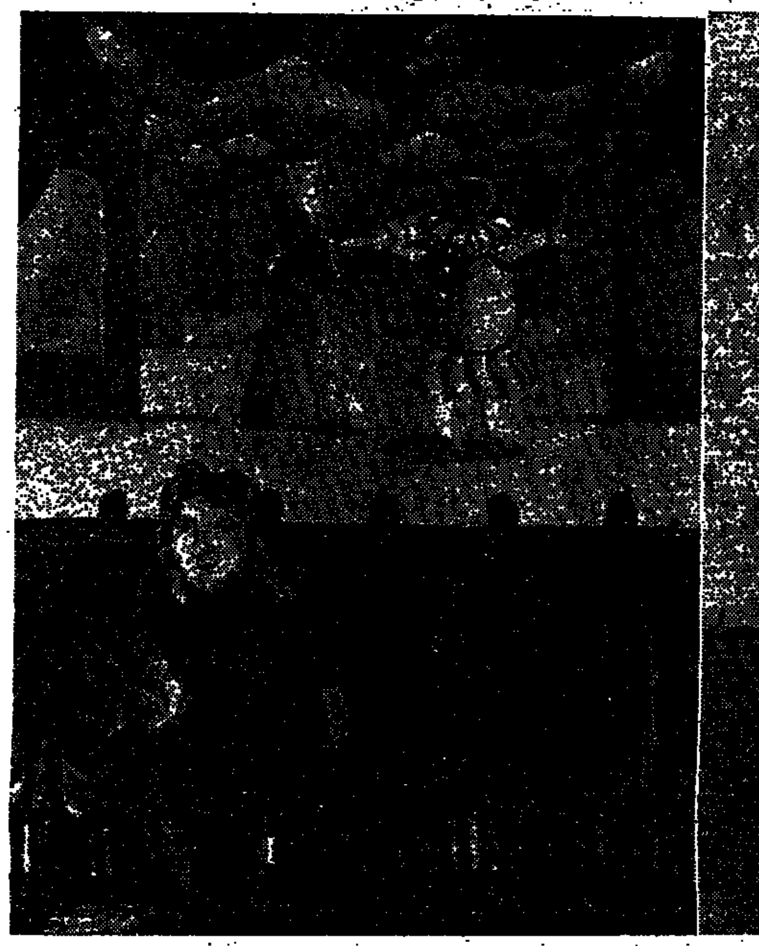
It would seem in fact that to produce his best work Hockney needs, though it may be a need that remains unadmitted, a reference or stimulus that imposes itself upon him, that takes him in a way outside himself. He is a painter, of course, and painters produce paintings; but in looking back through his work of these 20 years past, it is hard not to notice that only in his most private work is he at ease face to face with his subject.

His major successes have come, rather, when he has been taken up with a given theme or train of thought, already well established or proposed: the *Rake's Progress* of his Royal College days, the Cavafy poems, Grimms' Fairy Tales, Wallace Stevens, all suites of prints as it happens. And in his painting he has always been at his liveliest, and most characteristic when at his most natural, unselfconsciously painting his visual autobiography as a student, for example, or a little later conducting a spirited, ironical visual debate with art-history and the principles of modern art.

It all comes down to Hockney being most himself when least concerned with himself, most inventive when side-stepping the full responsibility or appearing to be inventive: and accepting as much, it becomes as clear as maybe why in the theatre he should find if not an exclusive, at least a most congenial and productive inspiration. The Riverside Studios (until June 7) are now crammed with a mass of material that demonstrates his excitement, involvement and flair. Much of it is extremely tentative, the mere notation of first ideas; and from this we move through the process of realisation, tests, comparisons and try again, to the final preparatory material and working studies. There are also many new oil paintings, *hors de projet* as it were, treating on the same material and preoccupations but done for their own sake, quite independent.

In it all we may see the old, which is to say the young Hockney, unworried over-much by niceties of handling or drawing, or fine art, putting his ideas down with exemplary force and directness, calling up the spirit of his hero Picasso not only by direct genuflexion but more elliptically in imagery and manner, in quiet jokes about cubism and expressionism and surrealism, the thought of all those summers in the sun, and a drink beside the Mediterranean at the Cubist Bar.

By a happy coincidence, deliberate or otherwise, *The Rake's Progress* and *Magic Flute* designs go on show at the Ashmolean Museum, Oxford, from May 18 until June 28.



Pulcinella On and Off Stage (left) and Harlequin by David Hockney

Notre Dame Hall, W1

Improvised music

by KEVIN HENRIQUES

For close on two years now a non-profit organisation named Actual Music (in reality a one-man operation driven with admirable dedication by Anthony Wood) has been valiantly promoting improvising musicians and their music in various concert and recital formats — the five-day Actual 80 held at the ICA last August is the most ambitious event so far. The music would be described by most listeners as avant-garde but Actual eschews the use of that word as carefully as it avoids that other word "jazz." But from a critic's seat it has to be stated for the benefit of those having a hard enough time grappling with the various styles of jazz that the music Actual presented in a diversity of settings on Friday night was indisputably avant-garde — whether it be "jazz" or quite simply "music."

Ever since the late 1950s-early 1960s when the free jazz of Americans Ornette Coleman, Don Cherry and Cecil Taylor jolted ears with its atonal concept and rejection of fixed meter, Europe has been in the forefront of numerous new approaches to jazz and improvised music generally. Britain, especially in the person of drummer John Stevens and his Spontaneous Music Ensemble, has been a constant contributor in this movement for over 15 years and ample indication of his vision was starkly demonstrated at Friday's event which, apart from a solo spot by pianist Howard Riley, centred on Stevens's ideas as musician and composer.

It should be explained that in the European concept of free music the individual's role is rejected in favour of collectivism. It is a group rather than a personal music, and in three settings on Friday the difficulties of assimilating, comprehending and, it must be bluntly said, of really *enjoying* the sounds were spotlighted and constantly underlined.

In the opening piece, lasting about 15 minutes, for the three-man Spontaneous Music Ensemble, Stevens on a skeletal drum kit using brushes delicately, guitarist Roger Smith and violinist Nigel Coombes improvised collectively and interacted with none rising from the whole to make any personal statement. Neither Coombes nor Smith was sufficiently audible for the listener to make even a guess about their abilities or to appreciate the effectiveness of their collective efforts.

The first set-piece of the evening was Stevens's composition *Triangle* in which nine musicians were seated in threes to form a triangle. Everything was subdued; there was a lot of meandering playing (Stevens stated he hoped the music would be "other worldly") and singer Maggie Nicols, rocked gently back and forth and emitted sounds rather than sang.

The concluding piece of the evening, again by Stevens, was *Static*, played by the same nine musicians plus Howard Riley. The total sound they produced never rose to any high level and there was little diminuendo or crescendo. Despite the musical forces available there was no textural depth or impact, none of the loud, prolonged freak-out passages associated with some contemporary music. As in *Triangle*, there was a pervading gentleness about everything.

Several of the musicians changed their positions in the hall but the reasons must have been personal because the absence of any amplification meant that too often players were not clearly heard or were totally inaudible. John Stevens also took time out to play his battered cornet which he does not do very expertly. Towards the end he also contributed some moanings to complement the sounds from Maggie Nicols.

It was altogether a hard evening for anyone used to the normal sounds of jazz music and it was unsurprising that the audience numbered comfortably under 100. At a time when the normally accepted styles of jazz are finding it hard enough to retain a following it seems to me that this style of improvised music, though sincerely and dedicatedly played on Friday by some of Britain's best known contemporary musicians including Paul Rutherford, Lol Coxhill and Trevor Watts, will always have an uphill battle holding on to anything more hopeful than a devoted much-in-the-minority audience. The music is inherently austere, is not immediately accessible and makes too severe demands upon the audience's intellect rather than on its emotions.

Collegiate

National Opera Studio

by ELIZABETH FORBES

The "Scenes from the Operatic Repertoire" presented at the Collegiate Theatre on Friday night were the joint efforts of three student organisations: the National Opera Studio, the National Centre for Orchestral Studies and the Wimbledon School of Art. Peter Robinson conducted, while John Copley produced the excerpts, apart from a scene from *Il barbiere di Siviglia*, produced by Andrew Sinclair. The designers were third-year students from Wimbledon, with costumes made by members of the Wardrobe Course. Standards were gratifyingly high, although drama mostly came a poor second to the music.

The young singers from the Opera Studio had been thoroughly well prepared and some very promising vocal material was to be heard. Among the sopranos, Malmfrid Sand, who sang Mozart's Fiordiligi and Puccini's Musetta, as well as Magda in an episode from Menotti's *The Consul*, showed exceptional confidence and the strong attack that usually comes only from experience. Anne Williams, who sang Mimi in the extract from Act 3 of *La bohème*, displayed an attractively vibrant voice, at present lyrical in quality, but with hints of a dramatic soprano in the making.

Faith Elliott, who appeared as Leila (Bizet's *Les pêcheurs de perles)* and Sophie (Massenet's *Werther*), has the right purity of tone for such roles in the French repertory, but her diction needs to be more incisive. In Leila's duet with Nadir —sung with elegant lyricism, despite an inelegant costume, by tenor Mark Curtis — she sometimes swallowed her words. Jennifer Sharp, a moving Violetta in the final scene of *La traviata*, projected her words to excellent dramatic effect.

Mezzo Anne Mason made a charming and spirited Dorabella (she also sang Oktavian), who was agreeably partnered by tenor Stuart Gardner, a stylish if small-voiced Ferando (he also sang Rossini's Almaviva) in the *Così fa tutte* scene. Don Alfonso was played by Stephen Rhys-Williams, whose sturdy baritone showed to rather better advantage as Marcello, despite a very modern-looking cigarette, out of character for a Bohemian.

Martin Beck, Broadway

The Little Foxes

by FRANK LIPSIUS

Elizabeth Taylor's Broadway debut is well encased in the venomous gentility of Lillian Hellman's *The Little Foxes*, a 1939 panegyric to the vanishing Old South. Miss Taylor's Regina Giddens has a hard meanness that pecks away at the lamented paternalistic values embodied in her dying husband Horace, played with surprising vigour by Tom Aldredge.

The virtues that Horace stands for sound like John Stuart Mill's enlightened despotism. But while Mill preferred democracy to despotism without enlightenment, the virtuous Horace prefers Southern blacks' remaining in the back kitchen to succumbing to the advances of machinery and factories. Besides the die-hard ideas, a certain implausibility creeps into the plot. Since Regina's two brothers are made to seem so intent on including their hateful little sister in their ambitions that they steal money from Horace rather than find other investors in what everyone agrees is bound to be a big money maker.

One acknowledgement of changing times is the inflation in the financial figures, making poor Horace lose $100,000 more from the theft than he did in the original production.

The melodrama may be more pronounced now that the play is fighting forgotten battles, but the acting and production give a sumptuous authenticity to the internecine conflict.

Florence Klotz has dressed Miss Taylor to match the stately and ample means evident in Andrew Jackness's red velvet scenery. Miss Taylor's famous eyes, an identifiable trademark on the playbill cover, are well versed in stares that can kill, which need only the actress's facility with a sugary southern accent to fulfil the role's over-riding demand for hate sheathed in beauty. Maureen Stapleton makes sister-in-law Birdie Hubbard a pathetic little sparrow, always hovering at the edge of the stage waiting to be noticed.

Anthony Zerbe as the ambitious brother Ben has just the right air of an oily business man who can make even a legitimate business deal sound slightly crooked. Though he ably rises to the brief occasion when he too can submerge his scheming into a wider vision of progress (and profit). It is a weakness of the play that the bad characters be given so few redemptive, or even rounded, attributes and the good characters all suffer from physical stigma of sickness, age, drunkenness or skin colour.

No doubt there was a time when this was a brave play. Now director Austin Pendleton has fashioned it into a suitable vehicle for the stately Southern accent of Elizabeth Taylor, who takes such infectious pleasure in salting these old wounds that she announced her willingness to perform the play in the West End next year, if British Equity gives its consent to leaving the production intact.

Elizabeth Taylor and Ann Talman

Arts news in brief

Capital Radio is to become joint sponsor with Lloyds Bank of the National Youth Orchestra of Great Britain. In spite of the £35,000 a year contribution by the Bank, the orchestra's future has been threatened since the recent withdrawal of the Arts Council grant of £20,000 a year.

Now Capital Radio is to match that contribution through an inflation-proofed four-year covenanted donation, plus fees for broadcasts of NYO concerts.

Lloyds Bank has been the orchestra's first and only sponsor for the past six years, having started with an annual contribution of £15,000.

*

On May 18 many museums will be celebrating International Museums Day with special events and exhibitions.

Museums North and the North of England Museums Service are holding a one-day conference to mark the day in Durham on May 15. The theme is *Can We Afford Museums?* and among the speakers will be Mr. Paul Channon, Minister for the Arts.

Several museums have linked their events with the International Year of Disabled People in an attempt to draw attention to the problems faced by the disabled and how these can be overcome.

International Museums Day was designated by the International Council of Museums (ICOM) in 1977 to promote greater cultural understanding.

*

The London Mozart Players have appointed Stephen Wikner as general manager. He succeeds Michael de Grey who is to take up the appointment of administrative director of the London Sinfonietta.

Stephen Wikner is currently general manager of the Scottish Baroque Ensemble and previously was promotion manager for Oxford University Press.

*

An exhibition of books for children and young people, organised by the Commonwealth Institute's Library and Resource Centre (based on an exhibition assembled by the National Book League), shows how writers, illustrators and publishers are reacting to the needs of children in a multi-cultural society.

The exhibition is being held in the Institute's Middle Gallery in Kensington High Street until May 31 and admission is free.

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A last chance for ICL

THE State-sponsored management shake-up announced yesterday by ICL is a setback for the industrial and economic theories of the Thatcher Government. The £200m of loan guarantees provided for ICL by the Government is the clearest sign to date of the strong and perhaps excessive strain of pragmatism with which the free market doctrines of Mrs. Thatcher and Sir Keith Joseph have been tempered in practice.

The need for a Government initiative to change ICL's management is also a blow to the prestige of ICL's institutional shareholders who, firstly, failed to detect the signs of management weakness in the company they owned and, secondly, showed their traditional reluctance to take active steps to put ICL in order. Altogether, the ICL saga, even if it is successfully brought to a happy conclusion by the new and impressive management team, is a disappointment to those who believe that a dynamic and successful economy is more likely to be created by efficiently functioning private capital markets, rather than Government officials allocating financial and managerial resources.

Unattractive

That said, it must be acknowledged that the options for a non-interventionist government in this case were very unattractive. ICL had been allowed to slide so far by its former management, shareholders and bankers that the only market solutions available appear to have been liquidation or takeover by one or other of ICL's American competitors. However, there was another consideration in the Government's decision: in the words of Mr. Christopher Laidlaw, ICL's new chairman, "the retention of significant research and development and manufacturing facilities in the UK and also the safeguarding of past and future customer investment in ICL products."

Would a market solution in fact have led to the disappearance of ICL's manufacturing and research capability? And if so, would this have caused damage so grave as to justify the commitment of large sums of public money and the temporary abandonment of a central tenet of the Government's industrial policy?

On the first question, there is little alternative but to accept the word of Government Ministers and ICL managers who have been negotiating with potential partners in the private sector. They claim that no satisfactory market solution was available, although it may be questioned whether the search for such a solution was as thorough as it might have been. A significant point made by the new chairman is that discussions hitherto have been with ICL's direct competitors, who were naturally more interested in the company's customers than in its manufacturing operations. The new management believes that partnerships with "complementary" companies, involved in other segments of the computer business, could be more fruitful in the future.

In conducting such negotiations, the management must be left in no doubt by the Government that the loan guarantees will not be extended beyond the original two-year limit and that no more money will be made available. ICL's viability and its detachment from the Government's purse strings must now take priority. The Government's guarantees must not be seen by shareholders or management as an opportunity to hold out for unreasonably generous terms in future negotiations with private partners.

The Government believes that the disappearance of Britain's only significant computer manufacturer would have been a very serious matter. However, it must be remembered that it is not so much the computer manufacturing itself that generates economic growth and jobs. Rather it is the multitude of related industries, based on the use and programming of computers.

Dilemma

It can be assumed, but is by no means certain, that a thriving computer services industry depends on the existence of hardware manufacturers in the same country. It is not at all clear, furthermore, that a *single "flagship" manufacturer*, dominating the national market, provides the best structure for the hardware manufacturing business. Indeed, the concentration of Britain's hardware industry in a single company explains the difficulty of the Government's dilemma when this "flagship" company runs into trouble. Ironically, this latest instance of state intervention vividly illustrates one of the dangers of intervention in general; the Government ment officials' consistent inclination to put all the nation's *eggs in one basket*.

The Middle East balancing act

WHILE IT may be premature to write off the peacekeeping efforts of Mr. Philip Habib, President Reagan's personal emissary, there can be no mistaking the extreme dangers posed by the confrontation between Israel and Syria over Lebanon. An overt outbreak of war could not possibly be in the interests of either of these two protagonists, and would certainly constitute a further horrendous blow at the fragile integrity of Lebanon, but the avoidance of additional escalation in the carnage which has afflicted that miserable country for so long will call for all the best and most co-ordinated diplomatic efforts on the part of Washington as well as of Moscow.

The causes of the confrontation can be viewed on three levels. The most immediate provocation came at the end of last month, when the Israelis shot down two Syrian helicopters over Lebanese territory. The Syrians riposted by deploying a number of surface-to-air missiles in Lebanon, and the Israelis have made threatening noises about what they will do if the SAMs are not removed.

Electioneering

At this level, the quarrel has been at least partly motivated by *Mr. Menahem Begin's electioneering* for the poll due at the end of next month. Neither the presence of the helicopters, nor that of the SAMs, could in themselves be reasonably regarded as a threat to Israel. But Mr. Begin evidently believes that militaristic rhetoric will serve his electoral purposes, and indeed the public response in Israel seems to be justifying his belief.

At a somewhat deeper level, however, the incident is intended by the Israelis as a general challenge to Syria's irresponsible attempt to strengthen its position in Lebanon, and in particular its attacks on the Lebanese Christians. Deplorably, Mr. Alexander Haig, the U.S. Secretary of State, appears to have left the Israelis with the impression that Washington would countenance, if not actually encourage them in such a challenge. Since the incident, the Reagan administration has been reduced to asking Israel to delay retaliatory action against the SAMs, and presumably Mr. Habib's task is to rectify the *impression left* by Mr. Haig.

Unfortunately, it is difficult for either side to back down: the regime of President Assad of Syria is increasingly beleaguered at home, while Mr. Begin is drawn on by electoral motives.

But the root of the matter is that the uneasy balancing act between the Moslem and Christian communities in Lebanon has been overthrown by the disturbing presence of substantial numbers of Palestinian guerrillas. It is easy for the Americans to criticise the way that Syria has manipulated its "peacekeeping" role in Lebanon, by playing now on the Christian side, now on the Moslem, so as to reinforce its own startegic influence on the country. But as long as the Palestinians remain in Lebanon, they will inevitably have a disturbing effect even on the most sincere attempts at peacekeeping, and so long as they use Lebanon as a base for attacks against Israel, it is virtually inevitable that Israel will attempt to retaliate, either directly or by supporting the Christian forces.

Camp David

Washington resents the efforts of the European Community to come up with a diplomatic initiative which would parallel the deadlocked Camp David process and which would lay a more appropriate emphasis on the importance of the Palestinian issue. But the new administration has done nothing to restore life to Camp David, it has rendered itself ridiculous by trying to persuade the Arabs that the Arab-Israeli conflict is a minor issue compared with strategic East-West confrontation over the Gulf, and the recovery in Mr. Begin's popularity at home casts grave doubts on the American tactic of doing nothing until after the Israeli elections. Perhaps Mr. Habib can help to change minds in Washington, as well as in the Middle East.

MITTERRAND'S VICTORY

A left turn for France but the way ahead may not be easy

Robert Mauthner in Paris reports on the historic victory of M Mitterrand in the French presidential election and considers the problems ahead for the versatile and complex President

FOR ONCE, the use of the word historic is not an exaggeration as a description of the victory of M. Francois Mitterrand, the Socialist leader, in the French presidential election. His advent to power may be regarded by the business and financial community in France and elsewhere with considerable foreboding, but it has at least laid to rest the spectre of a change by means other than the ballot box.

Though France's electoral system is as democratic as that of most of its western partners, it has failed to produce the regular alternation of political parties which is the hall-mark of democracy. For the past 23 years, under the founder of the Fifth Republic, General de Gaulle, his successor, M. Georges Pompidou and, latterly under M. Valery Giscard d'Estaing, it has had what can broadly be described as right-wing or centre-right governments.

The frustration that this situation produced had its first outlet in the student upheaval of 1968 which, if it fell short of a full-blooded revolution, nevertheless acted as a serious warning to the conservative forces in the land to take more notice of the French people's fundamental aspirations. If, since then, the fast-growing prosperity of France has masked the very real social and political discontent of a large segment of the French population, the lid of the kettle was again beginning to jump about, as unemployment grew to 1.7m and living standards began to stagnate.

Whatever the consequences for the country of M Mitterrand's election—and few people doubt that they will be far-reaching in both the political and economic spheres—the French people have at least had the chance to change their government. That must be considered a very positive result.

The new President has had one of the longest political careers in France and has never been discouraged by his frequent set-backs, including *two unsuccessful presidential* candidacies in 1965 and 1974. An extremely versatile and complex man, he is a trained lawyer and a curious mixture between a cynical politician and a sensitive poet. M. Mitterrand has written several books and is particularly well versed in French history and literature.

Shy and retiring in private, M. Mitterrand excels on the public platform, but dislikes intensely the medium of TV, unlike his defeated opponent. In front of a big election crowd he can wax extremely eloquent and his irony is razor sharp. Referring during one of his last campaign meetings to M. Giscard d'Estaing's irritating question during their TV debate last week on what the rate for the D-Mark was, M. Mitterrand said: "I felt like asking him what the rate for diamonds was that day."

A Minister in 11 Fourth Republic governments, M Mitterrand was once known as the "Florentine" and had a reputation for trimming his sails to the wind, which stuck to him for many years. His equivocal attitude towards the two French colonial wars in Indochina and Algeria won him the hostility of many of the Left of the political spectrum, who suspected that he was not imbued with true socialist principles.

The Fourth Republic, however, was not exactly the place for political idealists. Subsequently, M Mitterrand more than made up for a certain lack of consistency by his firm opposition to General de Gaulle, against whom he ran unsuccessfully in the 1965 presidential election, and to the constitution of the Fifth Republic.

Paradoxically, M Mitterrand today inherits that very constitution, which he opposed because of the great power it concentrated in the hands of the President and its later provision for the election of the Head of State by universal suffrage.

By far M. Mitterrand's greatest achievement, however, was the creation of a rejuvenated Socialist Party at the

A milestone in post-war French political history

Epinay Congress in 1971 and the signature of a common programme with the Communists the following year.

The new French President has always been acutely aware of the mathematical impossibility for a left-wing government to come to power in France without the support of Communist voters. The division of the country into several political families, whose following varies by only a few percentage points in every election, means that the Socialists must forge an alliance with at least one other big politiical group to become the governing party.

M. Mitterrand clearly learnt from his long experience gained during the Fourth Republic, under which the most heterogeneous coalition governments came and went with startling rapidity. It was because the Socialist Party of the time, M. Guy Mollett's SFIO, was prepared to build alliances with political parties with which it had little or no ideological affinity that it eventually lost all credibility in the eyes of left-wing voters.

The same mistake must not be made again, M. Mitterrand decided. That was why he insisted 10 years ago that in future, the Socialist Party must restrict itself to genuine left-wing alliances, which meant, in practice, a partnership with the Communists.

Unfortunately for the Socialists, it also produced a Catch 22 situation. For, while it was impossible for them to be elected without the support of the Communists, the French electorate repeatedly shied away from the left-wing option precisely because of the Socialists' Communist connection.

To have overcome this hurdle in the presidential election which has just taken place must be considered a milestone in post-war French political history. The credit for it lies entirely with M. Mitterrand, whose tenacity against almost overwhelming odds has brought about the realignment within the Left which has made the whole thing possible.

After the breakdown of the Socialist-Communist Union of the Left in the autumn of 1977, which lost the alliance the subsequent parliamentary election, all appeared to have been thrown back into the melting pot. As the result of the mutual recrimination which followed this traumatic experience for the Left and which has been going on ever since, coupled with deep disagreements over issues like the Soviet invasion of Afghanistan, the future for the Left looked dim. But M. Mitterrand has managed to save the situation by the apparently paradoxical achievement of completely dominating the Communists at the polls.

The new President's record Socialist score of 26 per cent in the first round of the election, compared with a pitiful 15 per cent obtained by M. Georges Marchais, the Communist candidate—the lowest Communist result in any election since 1936—prepared the way for M. Mitterrand's victory. For the Communist Party, realising that a large number of its supporters had voted for M. Mitterrand in the first round instead of for their own candidate, instructed its followers to switch to M. Mitterrand in the decisive final ballot and, what is more, without any conditions.

This unconditional backing enabled M. Mitterrand to fudge the issue of Comunist participation in his government. Indeed, he has avoided giving any commitment to the Communist Party on the subject, which certainly helped to defuse the traditional fear of middle-of-the-road and Gaullist voters of a left-wing government. It partly, though not entirely, explains why as many as 15 to 20 per cent of those who backed M. Jacques Chirac, the Gaullist leader, in the first round, felt free to vote for M. Mitterrand in the second.

M. Mitterrand's refusal to give the Communists a firm promise of ministerial posts in his government does not mean that he will dispense with their co-operation or even collaboration. It merely indicates that he intends to remain master in his own house and that, if there is to be an alliance, it will be Socialist-dominated.

The new President's decision to dissolve parliament and hold a general election at the end of June is an indication that he hopes that this election will produce a left-wing majority in the National Assembly, which will be in sympathy with the legislation submitted to it. But the

If there is an alliance it will be Socialist-dominated

question of whether or not the resulting government will include any Comunist ministers will depend on whether the Socialists and Communists are successful in negotiating a common programme.

M. Mitterrand has indicated that this is by no means a foregone conclusion and that all depends on whether the two parties are able to iron out their basic differences over a host of issues such as nationalisation, the Common Market and their attitude towards the Soviet Union. It was the disagreements over the extent of the nationalisation programme which led to the break-up of the Union of the Left four years ago.

The Communists want to enlarge substantially the Socialists' list of nationalisations, covering that part of the banking and financial sector not already under Government control, and 11 of the country's biggest industrial groups. But there is little doubt that M. Mitterrand would be extremely reluctant to do so, since the Socialists' current list already represents the limit of what he personally considers to be desirable or feasible.

It is clear, however, that M. Mitterrand does not hold all the trump cards. He will be very dependent on Communist support if he wants to win a parliamentary majority and M. Marchais can be trusted to strike a hard bargain.

If M. Mitterrand were to behave like the Fourth Republic politician he once was, this obstacle would not be difficult to circumvent, since he could always turn to allies of a different political colour. But that would look both like a betrayal of the voters who brought him to power and an admission of failure as far as the implementation of his programme was concerned. Support for the Socialist nationalisation programme in its present form could only come from the left-wing parties and any other kind of alliance would imply its abandonment.

That, in any case, is likely to be the programme's fate if the Gaullists and Centrists win the general election, which can certainly not be ruled out in spite of the bandwagon effect which M. Mitterrand is counting on. It is possible that the voters will return a right-wing and Centrist Assembly as a way of keeping check on the Socialist President, particularly if M. Chirac and M. Giscard d'Estaing manage to sink their differences.

If that were to happen, France would face a serious constitutional crisis in which the President would be pitted against parliament, certainly not a situation that an old parliamentarian like Francois Mitterrand would relish. In the last resort, a President who finds that his hands are completely tied and who does not wish to resort to the emergency powers that the constitution gives him in certain circumstances, would have to resign.

It is clear, therefore, that the joyful reception which the country gave M Mitterrand on his election may be short-lived. But there is no-one in France who can manipulate parliament and parties better than the new President and he will, no doubt, go a long way in this direction before agreeing to throw in the sponge.

What M Mitterrand himself has described as "the period of grace," will allow him to prepare the ground as best as possible for the forthcoming general election. Above all, the transitional government that will be appointed within the next two weeks, will be able to adopt a number of popular measures, such as an increase in the national minimum wage, family allowances and pensions. An atmosphere of mutual confidence will be established with the trade unions, which will be associated from the beginning with the Government in discussions about wages and working conditions.

This should make it somewhat easier for M Mitterrand to win what has widely been described as "the third round" of the presidential election at the end of June. No-one has any doubts about the implications of that poll for the political stability of the country over the next few years. In France, it is always the next election that is the most important.

MEN AND MATTERS

Priorité à gauche

Getting to know Francois Mitterrand is clearly going to be high on the agendas of the rest of Europe's political leaders in the next few weeks.

Though he has long been listed in Who's Who (recreations: tennis and ping-pong), the new occupant of the Elysée Palace has been an infrequent visitor to Britain and has few ties with the country.

Margaret Thatcher, who has never met him, was quick to signal her desire for an early meeting. Their politics may be *poles apart, but the Prime* Minister looks forward to establishing a rather warmer relationship than she enjoyed with the haughty Giscard d'Estaing.

Mitterrand's views on reforms of the EEC will be as crucial to Helmut Schmidt. But at the moment they appear to be just as much a mystery to the West German Chancellor as they are to Mrs. Thatcher. Dredging the recesses of his memory at Chequers yesterday, Schmidt could only clearly recall one meeting some 10 years ago.

At least he will be able to turn to Willy Brandt for advice.

The former German Chancellor is probably closer to Mitterrand than anyone else in the Socialist International. The two men recently walked together between Eisenach in East Germany and Rothenburg in Bavaria, nostalgically tracing part of Mitterrand's escape route from a German prisoner of war camp.

Though he came to London as a member of a Free French mission in 1943, Mitterrand speaks no English and has little more than a nodding acquaintance with most Labour Party leaders here.

He visited Leeds in 1979 to join James Callaghan on the *platform* at a less-than-enthusiastic Euro-election rally. Two years before that, Mitterrand came to address the party conference at Brighton. But his message went largely unnoticed. An air traffic dispute delayed him and he had to make his speech to delegates behind the closed doors of a private session.

"Diamonds aren't a man's friend!"

Judgement of Paris

Though the detritus of election night festivities was being cleared away yesterday at the Rue de Solferino headquarters of the French Socialist Party, the admonitory notice on the door recalled the spirit of the celebrations. Its legend "Pretentez vos cartes de presses" had been altered to read "Presentez vos voeux"—"Offer your good wishes."

Revels till the small hours in the Place de la Bastille left most of Paris with a subdued morning after, though newspaper sellers were doing a brisk business. "The rich look sad," remarked one, who had sold three times her normal order.

The Bourse plunged, businesses on the nationalisation hit-list faced the future stoically. "Our first priority has been to maintain work as normal," reported Saint-Goban-Pont-à-Mousson. Over at Paribas, a similarly threatened private bank, the message was that "we have been working harder than usual to show that we are an efficient institution."

There is speculation, too, as to whether the nationalised banks will also feel the shift in the political wind. BNP president Pierre Calvet worked closely with Giscard d'Estaing when he was Minister of Finance. Claude Pierre-Brossolette, head of Credit Lyonnaise, was once a personal aide to Giscard at the Elysée.

Over at the Giscardian headquarters in the Rue de Marignan, the twilight of the Presidency was very much in its last gloaming. The doors were shut, callers turned away. "The President will be making a declaration this evening," said a forlorn aide, "for the moment, we have nothing to say."

Left bank

The curse of the IMF has struck again. With the change of presidency, René Monory's reign as chairman of the IMF's policy-making interim committee ends. The appointment has proved to be the political kiss of death over the last three years. Denis Healey only chaired the committee — 22 of the world's leading finance ministers — for a couple of meetings before ceasing to be Chancellor after the May 1979 election.

Then came the turn of Filippo Pandolfi from Italy who managed a year and trips to Belgrade and Hamburg before disaster struck in Washington last September. On the eve of the meeting he had to rush back to Rome for the ceremonial fall of another Italian Government. Hannes Androsch from Austria stood in as temporary chairman, lamenting the *domestic squalls* that kept Signor Pandolfi away. Any hopes he may have had to a more permanent stay in the international financial limelight were soon dashed as soon afterwards he left the Austrian Government under a cloud.

After a good deal of deliberation the choice then fell on Monory, Finance Minister in what was considered to be one of the stablest regimes in the industrialised world. But now he, too, goes—though he may still nominally be in office when the interim committee meets in Gabon at the end of next week.

Who will take up the poisoned chalice now? The interim committee is a self-governing body with its own customs—a kind of financial MCC. But long tradition has it that the chairman should be a European Finance Minister. There are not many left. The obvious choices are either Hans Matthoefer from West Germany, though the Schmidt re*gime is looking none too* secure these days, or Sir Geoffrey Howe, who has never shown great enthusiasm for IMF matters. If the invisible hand should fall on Howe the odds on an autumn reshuffle will presumably shorten.

Circuit board

Everything at ICL is very new. No mistaking that, as the three incoming directors led by chairman Christopher Laidlaw delivered themselves up for scrutiny yesterday. "I must preface everything by saying that I'm very new," began Laidlaw. Managing director Robert Wilmot confirmed that he was very new, too. "We're very new," said Laidlaw, developing his theme, later adding by way of amplification that "we have a new situation," *videlicet* ICL.

But what of Philip Chappell—the man who, on being asked why he had taken on the chairmanship of the National Ports Council replied: "I imagine because I committed some hideous sin in a previous incar*nation*." His plans? "A damn good holiday." Severance pay? "Don't talk about that." Oh yes, and he is preparing a lecture for the British Institute of Management called "Does the City understand industry?" The verdict? "Case not proven either way. But don't spoil it."

Observer

ICL steps back from the precipice

ICL has been grabbed back from the precipice. After six months of rapidly accelerating deterioration, Britain's biggest computer company has been reprieved by the Government's appointment of a new management team pledged to reorganise its operations and to restore it to profitability in two years.

Mr. Robert Wilmot, the new managing director, one of three new appointments profiled (right), insisted yesterday that it was not too late to save the company. But this is probably the last chance to arrest a slide into bankruptcy which would confront the Government with a bleak choice between assenting to a distress sale to a foreign bidder or accepting ICL as a permanent charge of the state.

The risk clearly remains, of course, that ICL will need further Government support beyond the £200m loan guarantee already provided. There is no certainty that it will be able to repay all the loans covered by the guarantee before it expires in early 1983. The new management also hinted yesterday that it would be pressing the Government to step up research and development aid and purchases of ICL equipment.

First task

The management's first task, over the next two or three months, will be to carry out a fundamental review of the company's product strategy, its marketing plans and its manufacturing facilities.

Mr. Wilmot, who will be in charge of the study, sounded yesterday as though he had already conducted a preliminary analysis and had a fair idea of what his conclusions would be. ICL's central problem, he said, was that it was simply not generating enough revenue to support its costs.

He insisted that the way to solve this dilemma was not to cut back on its product range, but rather to expand it by taking the company into new and growing markets in which it has not been a significant presence before.

Three areas which he singled out were distributed data processing, the technique for linking several computers in a network so that they can exchange information; communications; and the office. All three have already been identified by other major computer companies as growth areas of the future.

Mr. Wilmot indicated that ICL should retain its line of bigger computers, into which much of its research and development resources have been poured in the past. Though the market for big computers is growing mature, there was still an important role for them in applications like distributed data processing.

However, he made clear that ICL could not depend on its own resources to diversify. It must seek to expand its product line by selling or making under licence compatible and complementary equipment made by other manufacturers and by entering joint ventures with suitable partners.

That is a view shared by Mr. Kenneth Baker, Minister for Information Technology at the Industry Department, who has said that ICL has little change of surviving on its own. He would like the company to buttress itself through strategic alliances with partners, preferably in the UK and Western Europe.

The hope is that by moving to put its own affairs in order, ICL will be able to negotiate such alliances from a less weak position than in recent months and that new partners could help to alleviate ICL's cash needs by taking minority stakes in the company.

Before then, however, the new management must grasp a number of urgent issues. Arguably the most important is to convince its customers that the planned reorganisation stands a reasonable chance of success and to persuade them not to hold back on new orders or to defect to other suppliers.

Damaged morale

It must also set about restoring morale among its staff, which has been badly damaged by the unpleasant surprises of the past few weeks. The atmosphere has deteriorated to the point where a few weeks ago members of ICL's main union, the Association of Scientific, Technical and Managerial Staffs, passed a resolution of no confidence in the then management.

But the task of raising morale will be made more delicate if the company makes more staff redundant, as many in the industry believe it may have to do. Industry experts believe hat ICL is still overmanned—even if it steers an expansionary course—and some have estimated recently that it may need to shed as many as 5,000 of its 32,000 workers worldwide. About 22,000 of these are in the UK.

ICL's labour relations have not been easy in the past. Matters may also be complicated by the imminence of a major round of wage negotiations, in which the unions have hinted that they will press for a settlement above the inflation rate. If they are to settle for less, the management will have to convince them that, this time, the company's survival really is on the line.

Guy de Jonquieres

Christopher Laidlaw

CHRISTOPHER LAIDLAW, the new executive chairman of ICL, may be a stranger to the computer industry, but he is unlikely to get lost.

As the senior deputy chairman of the British Petroleum Group and chairman of the all-important BP Oil International subsidiary, Mr. Laidlaw is familiar with Whitehall corridors—particularly those in the Treasury and Departments of Trade and Industry—which are trodden by senior ICL directors.

BP is not only a major user of computers. It can claim to be part of the business for its subsidiary BP Ventures is the sole parent of Scicon, a major UK-based computer services and consultancy company. Scicon recently won a contract for a library indexing system for the House of Commons.

While not directly responsible for BP's considerable computer operations—that is the lot of another director—Mr. Laidlaw has not been isolated from the impact of computer technology. He was for a time director responsible for operations in BP Trading—an activity which is heavily computerised (although not with ICL technology).

Mr. Laidlaw, aged 58, joined BP in 1948. Sir David Steel, the group's chairman, yesterday paid tribute to his 33 years of "distinguished" service.

A formidable, hard-nosed negotiator, Mr. Laidlaw is not known to suffer fools gladly. (Those who can match the speed of his wit recount stories of hilarious repartee.) Neither can he be regarded as a conciliator—indeed, this may have contributed to his failure to become chairman of BP.

Mr. Laidlaw, who will loosen his ties with BP over the next couple of months, is none the less following an honourable tradition. Sir Alastair Down, a deputy chairman alongside Sir David, left BP to become head of the troubled Burmah Oil Company.

Sir Alastair has steered Burmah to profitability.

Ray Dafter

Robert Wilmot

FOR THE second time in less than 10 years, ICL has turned for leadership in a moment of crisis to a fast-rising young British executive who has won his management spurs working for a large American electronics company.

ICL's new managing director, Mr. Robert Wilmot, has been lured away from Texas Instruments, the world's biggest independent manufacturer of microelectronic components, whose UK subsidary he has been running for the past three years.

The Government clearly hopes that he will be able to repeat the successful recovery in the company's fortunes engineered in the mid-1970s by Mr. Geoffrey Cross. Mr. Cross was drafted in from Sperry Univac of the U.S. to become ICL's managing director during its last bout of financial trouble in 1972.

Mr. Cross is remembered for installing effective management controls and completing the development of ICL's 2900 series of bigger computers. One of the major challenges facing Mr. Wilmot will be to chart a new product strategy, enabling ICL to diversify faster, away from its heavy dependence on large, general-purpose machines.

Mr. Wilmot, 36, has had experience in competing at the smaller end of the electronics market.

An electronics engineer by training, Mr. Wilmot has spent his entire career to date with Texas Instruments since leaving Nottingham University in 1966.

One of his main achievements was to bring more closely together the UK subsidiary's different divisions, which had previously reported separately to group headquarters in Dallas.

A formidably hard worker usually in his Bedford office at 7.30 am and rarely leaving before 9 pm, Mr. Wilmot apparently thought nothing of putting in a full day's work after returning to Britain on an overnight flight from group headquarters in Dallas.

Guy de Jonquieres

John Gardiner

"JOHN GARDINER is one of the most fearless guys I've ever come across for saying what he thinks," one of his colleagues said yesterday. "He can see the wood from the trees, and he doesn't flannel about. His is the very antithesis of the Civil Service approach."

These sound ideal qualities for a non-executive director in a company with problems, a role for which he is in much demand.

Calling for Gardiner seems to be a knee-jerk reaction at the Department of Industry when a state-influenced industry hits trouble. Still only 44, he is on the board of British Shipbuilders, and has also been a non-executive director of British Airways, BL and the National Enterprise Board.

Mr. Gardiner's reputation has been built at the Laird Group, a medium-sized engineering company which was in dire straits when he became chief executive in 1970. Laird was in all the wrong things, such as shiprepairing, aviation, steel and motor components. After 11 years of sometimes painful surgery—including the closure of a modern steel plate complex with the loss of 1,500 jobs last year—Laird has a strong balance sheet, and a respectable return on capital.

Although Gardiner has from time to time been approached for some of the big fulltime jobs in nationalised industry, he has shown no sign of shifting from his present slot at Laird.

That appointment originally came via the Industrial Reorganisation Corporation, the Government body which played an active, and not always successful, part in reshaping industry in the late 1960s and early 1970s. Before that, Gardiner spent five years at the Financial Times, writing the Lex column.

To some extent, his qualities are still those of a good financial journalist. As another colleague said yesterday: "He has a great ability to ask good tough questions. He never takes anything at face value; and is quite prepared to make himself unpopular in the boardroom to get the answers he wants."

Richard Lambert

Letters to the Editor

The City code

From Mr. R. Instone.

Sir, — Now that the dust is settling on the St. Piran affair, may I offer some general comments with an eye to the future rather than the past, after mentioning (in case it should be thought material) that from time to time I was instructed in a professional capacity on behalf of some of the individuals and companies involved in that episode?

The City code originated as a means of self-discipline for merchant banks concerned in take-overs, who were seen to be furthering the interests of their corporate finance clients by the questionable use of discretionary powers on behalf of investment clients. For that limited purpose, and so long as the code only affected people with a common professional interest in the conduct of take-overs, the informality and imprecision of the code may well have been an advantage.

This advantage disappeared as soon as the code was invoked against the boards of companies involved in bids, and the Stock Exchange indicated support for rulings of the panel on take-overs with the threat, or sanction, of suspending a company's listing. This is so for two reasons. Directors, unlike merchant banks, have fiduciary obligations to their companies and, in take-over situations, to their shareholders, which unlike the code are enforceable in legal proceedings. Directors and their advisers must be able to ascertain their obligations under the code, as under any other such document, from a proper consideration of its terms.

In this situation it is unacceptable that there should be no appeal from a decision of the panel on the interpretation of the code. Early in 1980 I was so disturbed by the inadequacies of its drafting, and a manifestly erroneous ruling in paragraph 1(a) of practice note no. 8 appended to the code, that I published an article in a legal journal drawing attention to a few of its defects. Some of them have been corrected in the revised version dated February 1981, but by no means all; and my list was far from exhaustive.

Even if the code and practice notes were wholly freed from errors and ambiguities, there would remain the possibility of conflict between directors' legal obligations and the provisions of the code, as for instance in requiring a general offer at a price which can no longer be justified from the point of view of the offeror company by reason of some change of circumstance. (This became an actuality as long ago as 1974, when St. Martin's Property Corporation was obliged to make a general offer for the shares of Hay's Wharf, and to recommend its shareholders to create the necessary shares against their own interests, at an excessive price just after the collapse of the property market.) It is wholly unrealistic for the panel or the Stock Exchange to treat the provisions of the code as overriding the legal constraints within which directors have to operate.

The lesson is clear. Either the code, or relevant parts of it, must be properly redrafted and given legal effect by statutory instrument analogous to the Licensed Dealers (Conduct of Business) Rules, 1960, or, if the code is to remain non-statutory, the panel and the Stock Exchange must accept that the price to be paid for "self-regulation" is a more modest role for the code than that which they assert at present.

Ralph Instone,
7, New Square,
Lincolns Inn, WC2.

Profligate use of paper

From Miss K. Schofield

Sir,—In recent weeks your column has been airing views on local government rates and service cuts, the pros and cons of which I do not wish to discuss here. The point I do wish to make is that surely cuts in service or increases in rate demands could be alleviated by the elimination of administrative inefficiency. I believe that my recent experience will illustrate this quite well.

As a mature student at Warwick University, I am entitled to a rate rebate. Last September I received my rates demand for the half-year but it did not include the rebate I was due. Consequently, I contacted the Coventry city council rates department and was told that the rebates had not been calculated when the full rate demands were ready to be sent out and I would receive an amended bill in due course. This information led me to believe that I was not an isolated case. The cost of this inefficiency must have been quite substantial considering that two lots of postage had to be paid as well as paying employees to write out by hand my amended bill. This was all six months ago and could have been put down to some hiccup in the system, but things have not improved.

Recently I received a final notice for the payment of my rates for the coming half-year. I had not previously received an original.

Being slightly alarmed, I again contacted the rates department. I received an apology for the oversight of not noting that the original demand was sent out late, but I would be receiving that in a few days. When I inquired about my rebate, which was obviously not included on the final notice, I was told that, after checking, this was in the pipeline and I would receive an amended bill in due course.

The result of all this is that I will have received a total of five rate demands in six months where two would have sufficed. If this trend continues I hate to think how many will be flowing through my letter box by 1985. If this sort of inefficiency is standard throughout the council's departments, the cost to the ratepayer must be phenomenal and surely cannot be tolerated.

K. M. Schofield (Miss),
7, Meadow Street,
Coventry.

Coal-fired boilers

From Mr. M. Robson.

Sir,—Mr. Dafter's article of April 28 on the future prospects for coal rightly points out the need to increase sales to industry, particularly by replacing oil-fired boilers by coal plant. Our work on the UK boiler stock, based on a survey of 30,000 units (a 30 per cent sample) has led us to the same conclusion.

Some of our findings, however, differ from those reported in the article, and suggest some additional arguments.

It is true that the amount of coal plant on order has increased considerably in the past year, but almost all of it has been medium-sized units (i.e. less than 3,500 lb/hr) and not in large boilers of up to 200,000 lb/hr as reported. The use of fuel oil has declined, but coal consumption has also fallen, by an expected 1.5m tons by the end of this year, including the irreversible closure of several large sites with a total demand of 1m tons p.a. The extra demand coming from the replacement of medium-sized oil-fired boilers by coal plant is insignificant in comparison. Also, the amount of gas-fired boilers on order has fallen sharply in response to the difficulties in obtaining new supplies.

Coal will have difficulty in breaking into the larger users market in the short term because of the high investment required, and the best immediate prospects are for units of around 20,000 lb/hr, especially for process steam applications such as textiles, and food and drink, where higher load factors bring quicker paybacks. The reported developments in the distribution of coal are an important element in the infrastructure of coal use, but the main problem in persuading users to convert is their lack of experience and confidence in investing in coal. Some kind of financial incentive is desirable, and the £50m aid announced recently by the Government is a very cost-effective building block in establishing a long-term future for coal.

Given the present price differential between oil and coal, the replacement of oil-fired boiler capacity by coal has a payback of 4-6 years, whereas industry usually requires 2-3 years. The £200m which the National Coal Board proposes to raise to finance 5m tons of its excess stocks would pay outright for the installation of sufficient steam raising capacity to generate a coal demand of 2.4m tons p.a.—for at least 20 years. If the money were used to encourage industrial investment in coal boilers by providing a partial capital grant or generous leasing terms, the demand created could easily be doubled to 5m tons.

Financial solutions to the current difficulties of the coal industry should be aimed at capital investment in coal plant to secure a long-term future demand, and not in short-term expedients such as bond issues to cover excess stocks. Provision of such investment capital by Government and the industry as a clear demonstration of their own commitment to coal is essential to strengthen the confidence of the industrial market.

M. J. Robson,
Science Policy Research Unit,
University of Sussex,
Mantell Building,
Falmer,
Brighton, Sussex.

The civil service pay debate

From the Secretary-General,
Council of Civil Service Unions.

Sir,—My letter of April 30 has been followed by others calling for or rejecting various statistical evidence on which to base a view about civil service pay. The letters give my broad answer by demonstrating the need for independent fact finding. It is sensible, however, to answer as briefly as I can the points of detail which have been raised.

In my response to Mr. Pogmore's letter of April 28, I quoted civil service salary and not earnings figures for the simple reason that earnings figures in the non-industrial civil service are not separately available in the new earnings survey or through the civil service department. Conversely the new earnings survey gives medians only on the basis of earnings, not salary scales. So all I can do is offer the two medians as they stand. Mr. Couldrey (May 2) accused me of using flimsy evidence in my response to Mr. Pogmore. I do not accept this accusation, but I can assure Mr. Couldrey that our pay claim was not based on this evidence and I would not want to challenge his further assertion that the only valid comparison is between similar jobs. Such comparison was done by the pay research unit under the agreement which the Government has arbitrarily abandoned.

I am afraid that the age-related earnings figures requested by Mr. Mapley (May 5) are not available, at least to me. As to the detailed figures taken by Mr. Goode (May 7) from figures produced by the Institution of Electrical Engineers, however, I do have some comments to make which reinforce my point that all such comparisons are problematic.

Mr. Goode's comparisons are with the public sector and not with the civil service. More significantly, they are based on a questionnaire to a sample of 40 per cent of Institution members. Not a very sophisticated exercise. I would also expect readers to know much more about the responsibility levels quoted and the absence of any reference to fringe benefits, e.g. company cars and free medical insurance, to which civil servants are not entitled but which are common in the private sector.

As Mr. Donnelly pointed out (May 11), the Priestley Royal Commission appreciated the need for proper outside comparisons based on facts. It is for this reason it recommended the setting up of an independent fact-finding unit. The pay research unit fulfils this role and has a board, with the majority of members, including the chairman, from outside the civil service, to ensure that the unit undertakes its tasks efficiently and with integrity and impartiality.

There is little doubt that current argument demonstrates the obvious need for independent fact-finnding. It would be folly in the extreme for the Government to fail to recognise this, and to do anything to prevent the provision of accurate data on which sensible and responsible negotiations in the future can be based.

W. L. Kendall,
Council of Civil Service Unions,
19 Rochester Row, SW1.

Today's Events

GENERAL

U.K.: Herr Helmut Schmidt, West German Chancellor, in talks with Mrs. Margaret Thatcher for second and final day.

Sir Geoffrey Howe, Chancellor of the Exchequer, lectures on "The Fight Against Inflation," City University, London, 5.30 pm.

Meeting of BL unions.

Sir David Nicolson, European MP for Central London, speaks on "Policy for Industry," 120, Heath Road, Hampstead, London.

Mr. David Howell, Energy Secretary, addresses annual lunch of Institution of Energy, Inn on the Park, London.

Union of Construction, Allied Trades and Technicians regional secretaries meet on pay.

Sir Derek Ezra, National Coal Board chairman, opens "Forward to Coal" conference, London Press Centre.

Historic Buildings Council annual report.

Official launch of Police Foundation, Mansion House, City of London.

Overseas: North Atlantic Treaty Organisation Defence Ministers begin two-day meeting, Brussels.

Second and final day of EEC Agriculture Ministers meeting, Brussels.

PARLIAMENTARY BUSINESS

House of Commons: Finance Bill, committee.

House of Lords: British Telecommunications Bill, committee.

Select Committees: Procedure (Supply). Subject: Supply procedure. Witness: Mr. Francis Pym, Leader of the House, 4.15 pm. Room 15. Social Services. Subject: Expenditure on social services. Witnesses: Officials of Department of Health and Social Security, 4.30 pm. Room 16.

OFFICIAL STATISTICS

Building Societies' figures (April). Wholesale price index (April provisional). Central Government transactions (including borrowing requirement) (April). Hire purchase and other instalment credit business (March). Retail sales (March final).

COMPANY MEETINGS

Dewhurst Dent, Heaton Park Road, Higher Blackley, Manchester, 12. James Dickie (Drop Forgings), Victoria Stamping Works, Somerset Road, Ayr, 12. Dorada, Churchill Hotel, Portman Square, W.1, 12. Hepworth Ceramic, Charing Cross Hotel, W.C., 12. Kleinwort Benson Lonsdale, 20, Fenchurch Street, E.C., 11.45.

BHS £2m down despite second-half recovery

SECOND-HALF profits of British Home Stores edged ahead from £28.62m to £29.01m in 1980-81 after a £2.56m decline to £10.65m at mid year. But this still left the taxable surplus for the 53 weeks to April 4 lower at £39.66m compared with £41.83m for the preceding 52 weeks.

Sales, excluding VAT, showed a rise of some 12 per cent from £366.35m to £410.1m, but profit margins were reduced from 11.4 to 9.7 per cent.

A final of 2.75p effectively raises the total net dividend from 4.375p to 4.5p after adjustment for last year's one-for-one scrip issue.

Earnings per 25p share are shown to have fallen from 15p to 13.5p.

The pre-tax surplus includes leasing company profits of £182,000 (£97,000) and the associates' share of £229,000 (£15,000). It is also struck after charging depreciation of £9.37m (£6.99m), net interest charges of £1.12m (£286,000 receivable), pension fund contribution of £3.41m (£3.02m) and employees' share scheme of £760,000 (£800,000).

Of total sales, including VAT, of £452.23m (£401.26m), merchandise contributed £350.65m (£314.93m), food £74.93m (£63.46m) and restaurants £26.64m (£22.86m).

A revaluation of the group's properties as at March 31 1981 has thrown up a surplus of £49.32m.

● comment

BHS profits are down for the first time in 20 years, despite an extra week's trading and £1m of interest saving from last year's rights issue, but the market was happy enough to push the shares up 8p to 180p. Second half profits are roughly unchanged, and sales volume for the year (except in food, where there was a good advance) is roughly static. BHS has slimmed its workforce but costs are still rising quite rapidly, and unless volume picks up faster than seems likely profits may go little above the £41m/42m range in the current year. The group's UK suppliers are going to need a price rise soon to stay in business, and it is not certain that BHS will be able to pass it on entirely to the customer. The 3.6 per cent yield and p/e of 18 on a full tax charge are looking firmly ahead to a resumption of growth in the medium term.

Bowthorpe sees less halftime

FIRST-HALF 1981 profits of Bowthorpe Holdings, the electronic component maker, are expected to be lower than in 1980, Mr. R. A. Parsons, executive chairman, says in his annual review.

For the whole of 1980, pre-tax profits increased from £7.62m to £9.05m, of which £4.97m (£3.64m) accrued in the first half.

Mr. Parsons says the group's current problem areas are the UK and Western Germany and indications are not encouraging. However, he is optimistic that business in other countries in which Bowthorpe operates will maintain progress.

At the year end, shareholders' funds were ahead from £23.48m to £25.96m and net current assets rose from £13.64m to £16.05m. Net liquid funds increased in the year by £2.35m (£0.71m).

On a CCA basis, pre-tax profits improved from £5.59m to £6.66m.

The notes on the accounts reveal that the fees and emoluments of the highest paid director jumped from £32,543 to £53,060.

Meeting at the company's registered office, Crawley, May 28, at noon.

DIVIDENDS ANNOUNCED

	Current payment	Date at payment	Corre-sponding div.	Total for year	Total last year
Akroyd & Smithers int.	3.5	July 2	3.5*	—	15*§
James Beattie	4.5	—	4.5	4.5	5.41‡
Bishopsgate Trust	6.5	July 2	5.7	10	9.9
British Home Stores	2.75	July 6	2.63*	4.5	4.38*
European Ferries	3.45	July 1	3	5.18	4.5
N. Midland Const. ...int.	0.65	—	0.65	—	2.15
Wm. Pickles	Nil	—	Nil	Nil	0.2
St. George's Laundry	2.15	—	0.84	3	1.4
Sears Hldgs.	1.6	—	1.3	2.3	2
Southend Stadium	0.43	—	0.43	0.43	0.43
Tysons (Contractors)	2.12	—	2.12	2.12	2.12
Young Cos. Inv. Trust	3.8	July 4	3.8	6	5.8

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Including 0.91p in connection with close status. § Including special 5p payment.

Sears improves 7.5% to near £100m mark

IN THE second six months to January 31, 1981, pre-tax profits of Sears Holdings made up the ground lost at midway to finish the year 7.5 per cent higher at £99.71m, against £92.78m, on turnover up 10 per cent to £1.38bn. First-half profits had fallen from £37.58m to £34.84m.

Increased trading profits in footwear, departmental stores and licensed betting offices contributed to the year's improved results and offset the poor performance of the engineering division and a downturn in property and motor vehicle sales.

Group trading profits for the year were little changed at £95.93m, against £96.01m, struck before interest charges of £5.62m (£5.88m) and a sharp increase from £2.65m to £9.4m in non-trading profits, arising mainly on the disposal of low-yielding investment properties.

The directors indicate that trading profits have been little changed over the opening quarter of the current year.

The substantial stock relief enjoyed by the company in previous years does not apply this time and consequently with tax up £17m to £44.96m, net profits for the year were over £10m lower at £54.74m. After charging extraordinary debits of £2.88m (£0.87m) due mainly to the closure of Pickering Blackburn, profits attributable to ordinary holders emerged down from £62.52m to £50.73m.

Stated earnings per 25p share were 5.7p (7p) including extraordinary items and 6p (7.1p) excluding the same. A final dividend of 1.6p raises the total payment by 15 per cent from 2p to 2.3p net, costing £20.63m (£17.94m).

Current cost earnings per share were 0.4p including extraordinary items or 0.8p excluding. On the same basis, pre-tax profits were £53m.

A divisional breakdown of turnover and historic cost trading profits shows (in £000's): footwear retailing and manufacturing £400,775 (£367,014) and £60,791 (£59,221); departmental stores, jewellery and other retailing £328,381 (£288,894) and £19,374 (£17,332); engineering £85,874 (£83,393) and £8,691 loss (£6,011 loss); motor vehicle sales, service and delivery 152,307 (£143,876) and £6,407 (£7,611); licensed betting offices £357,458 (£310,166) and £8,340 (£6,720); property development and investment £27,955 (£34,273) and £4,569 (£8,117); linen hire, industrial laundries and knitwear distribution (U.S.) £32,357 (£31,233) and £3,138 (£3,019).

The directors point out that the £2m improvement in departmental stores' profits does not reflect the true increase in profitability. The Wallis Fashion Group, acquired in February, 1980, made an expected loss of £2.2m in the first half but only a small loss of £0.2m in the second period and it is now trading profitably. Against this there was a £1.6m rate rebate resulting from over payments in previous years. The directors say that eliminating these items, trading profits in this division rose by £3m.

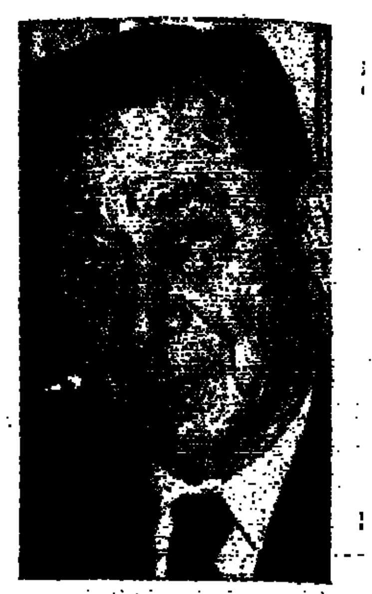
Engineering again disappointed but steps which have been taken have eliminated one area of loss and there are signs of improvements in other areas. The directors are much more hopeful of improved results next time.

A fall-off in housing starts, coupled with a re-shaping of the building contracting division, resulted in a considerable reduction in trading profits, although conditions now prevailing are expected to bring about an improvement in the current year.

Overseas, fluctuations in exchange rates continued to distort figures.

With direct exports of £54m and sales by overseas subsidiaries amounting to £114m, total overseas business was £168m, some 12 per cent of turnover. This excludes Butler Shoe Corporation, acquired on March 1, 1981.

See Lex, Back Page



Mr. Leonard Sainer, chairman of Sears Holdings.

Euroferries rights: profit to fall

European Ferries anticipates its profits will decline this year and the company is making a one-for-one rights issue at 30p a share to raise £36.4m. The issue is not being underwritten. The group intends to pay dividends this year on the enlarged capital of 3.1p a share compared with 5.175p.

Euroferries also reported the forecast slight improvement in profits last year despite a sharp fall in the contribution from shipping. Group profit before tax was £30.35m compared with £27m.

Euroferries shares gained 3p to 153p yesterday after fluctuating between 149p and 157p.

Mr. Keith Wickenden, chairman, said yesterday that he expected group profits this year would be down unless something very surprising happened.

He accused Sealink of starting the rates war on the English Channel and said that if anything, the war is intensifying. Asked if the shipping side would stay in profit this year, he said, "I hope so."

Meanwhile, profits from the banking and property division were unlikely to benefit from the sale of a single development comparable in size with the Holborn property sold in the second half of 1980 for a £15m profit.

In view of this outlook, Mr. Wickenden said the Board had three options to cover its financing needs. Either it could have decided that its forecasts for the next 18 months were too gloomy and so done nothing; or it could have sold off its Denver venture with the loss of large amounts of future profit or it could make a rights issue.

The directors state that they believe that any setback in profits and cash flow from the shipping division will be only temporary and they do not intend these to restrict the continuing development of all the group's activities.

They point to the acquisition of Singer and Friedlander, participation in the IBA franchise for the southern region and its stake in a seventh round oil licence in the North Sea as providing grounds for encouragement further into the future. The group is also active in oil and gas exploration in North America and acquired a golf and leisure complex in Spain in February.

Commenting on 1980 results, they say the decline in shipping profit was due to a reduction in freight volume and tighter margins, the French fishermen's blockade and the tourist traffic price war led by Sealink.

See Lex, Back Page

	1980 £000	1979 £000
Group turnover	205,108	170,736
Operating profit	30,467	26,950
Shipping	9,754	16,660
Harbours	1,965	2,124
Banking & Prop.	18,748	8,166
Share of Assoc. loss	114	*55
Pre-tax profit	30,353	27,005
Taxation:		
Foreign Tax	29	17
Associated Co.	29	5
Advance Corp. Tax	2,810	1,896
Corporation Tax—current and def.	295	—
Profit after tax	27,190	25,097
Minority profits	4,486	954
Extraord. credits	†2,622	2,010
Preference divs.	4	4
Ord. Int. 1.725p (150p)	1,822	1,584
Final	4,187	3,168

*Profit.

†Comprises profits on currency loans and other exchange differences £3.57m (3.36m), realised profit £681,000 (£402,000), net profits on realisation and provisions for diminution in value of: investments and advances £959,000 (£167,000), associated and subsidiary companies £1.9m (£1.47m). Other 1979 £39,000.

Akroyd and Smithers setback

TAXABLE PROFITS of Akroyd and Smithers, stockjobber, plunged from £12.18m to £5.91m in the half year to March 27, 1981—the comparative figure being for a 24-week period.

The surplus was struck after an exceptional debit of £1.85m (nil) representing the provision for a potential loss suffered by the company following the failure of Hedderwick Stirling Grumbar and Co. last month.

Cheques to the value of £1.85m drawn by that company in favour of Akroyd and Smithers were dishonoured. These cheques arose out of transactions done in the normal course of business in the gilt edged market.

Owing to the circumstances surrounding these transactions the directors maintain, and they are supported by an opinion from leading counsel, that the company has claims for the recovery of this money which are stronger than a claim as an unsecured creditor in the liquidation of Hedderwick.

As a result, the directors believe that "some, if not all, of this loss will be recovered in due course."

Since the end of the half year the directors say the optimistic market outlook has become more obscure, and the prospects for the remainder of the year depend upon the success of the budget strategy and the effect of U.S. interest rates on the UK's domestic market.

However, they are effectively maintaining the interim dividend at 3.5p net—last year a final equal to 9p was paid from pre-tax profits of £20.55m. There was also a special payment equivalent to 2.5p owing to the high level of profits earned in the year.

Stated earnings per 25p share were lower at 18.4p (28.6p adjusted).

After interim dividend payments, which absorb a same-again £560,000, retained profits came through at £2.38m (£4.02m).

The pre-tax surplus on a CCA basis is reduced to £4.5m

● comment

Akroyd and Smithers warned in its annual report in January that the wondrous conjunction early last year of a very active gilts market with strong oils and golds plus dawn raids might not be repeated in the foreseeable future. In the event, profit at the interim stage has remained satisfactory with the activity in general equities perhaps making up for the relative calm in gilts and oils. There is also hope of some recovery on the £1.8m Hedderwick provision. However, the chairman's statement on the outlook seems particularly cautious and the shares eased 8p yesterday to 175p where they yield nearly 10¼ per cent on the well covered maintained dividend. A recovery in the gilts market in the second half as the Government pursues its funding programme could be helpful.

Cosalt expects to show some improvement

Although there are no real signs of a full recovery to earlier levels of demand and profitability, results of Cosalt in 1981 should be rather better than last year's, Mr. John Ross, chairman, says in the annual report. This is despite the fact that, following the decision to change the accounting date to August, they will cover a period of only eight months.

As reported on April 16, pre-tax profits of the group, whose activities include ships' chandlery, caravan manufacture, refrigeration and air conditioning, finance and aviation, fell from £1.71m to £289,000 last year, with a loss in the second half of £242,000.

The group's year-end balance sheet shows shareholders' funds of £8.18m (£7.86m) and fixed assets of £6.46m (£6.88m). Bank overdrafts amounted to £2m (£3.65m)

St. George's dividend well ahead of forecast

St. George's Laundry (Worcester) is hoisting its dividend total for the year to February 28, 1981 by 114 per cent. This is well above the 50 per cent increase forecast by the directors in January.

At halfway, when pre-tax profits were ahead from £87,912 to £94,267, the directors said they expected to recommend a final payment of 1.25p net. In the event the final is 2.15p, lifting the total for the year from 1.4p to 3p.

Taxable profits for the 12 months improved by 65 per cent to £251,016, after making a provision for compensation which the board is recommending be paid to retired or retiring directors.

The directors describe the year as one of substantial progress in terms of both profits and corporate development. The acquisition in December of the laundry operations of Provincial represented an exceptional opportunity for the company to expand its interests in the linen and garment rental market, they explain.

Rationalisation of the company's shop and laundrette interests continued during the year with the closure of a number of unprofitable retails outlets. Surplus properties arising from these and previous closures are being sold and the proceeds applied in the reduction of bank borrowings and investment in new machinery and equipment.

During 1981 major effort will be directed towards the rationalisation and integration of the new plants acquired from Provincial. Already considerable progress has been made. It is now expected that the new plants will make a small contribution to group profits in the current year. This is somewhat earlier than envisaged.

In the first three months a number of substantial contracts were obtained and sales were ahead of budget.

For the year under review, turnover rose from £1.9m to £2.68m. There was a tax credit of £85,608 (£2,171), leaving the net profit ahead at £336,624 (£153,965) and earnings per share up from 6.51p to 14.63p.

Extraordinary debit totalled £26,980 (£20,321), ordinary and preference dividends cost £80,086 (£33,194) and (£229,558) (£100,450) was retained.

● comment

The rise of St. George's Laundry over the last year has been spectacular. Yesterday's more than doubled dividend saw the shares climb 15p to a new peak of 114p. At one time last year, they were resting on a mere 31p. The company acquired the laundry interests of Provincial this January, having repulsed a bid from Provincial in 1979. Following that exchange, Provincial sold its 16 per cent holding, and the Armstrong family, which until then controlled St George's, sold 30 per cent of the shares. Most of that stake was acquired by two new directors, Messrs Dobson and Dellar (together with their company Vaughan and Co). The new directors have experience in property, and the disposal of St George's 44 unprofitable freehold shops is well under way. Pre-tax profits increased by 65 per cent last year, and the Provincial businesses are now expected to do more than cover their financing costs in the current year. But a fully-taxed p/e of about 26 and a yield of 3.8 per cent suggest that the shares cannot run much further in the immediate future.

SPAIN

May 8	Price %	+ or −
Banco Bilbao	309	+3
Banco Central	358	+3
Banco Exterior	282	
Banco Hispano	295	+5
Banco Ind. Cat.	124	
Banco Santander	335	
Banco Urquijo	186	
Banco Vizcaya	327	+3
Banco Zaragoza	216	
Dragados	150	
Espanola Zinc	75	
Fecsa	66	+1
Gal. Preciados	36	+2
Hidrola	70	+2.3
Iberduero	58.5	+2.3
Petroleos	107.5	+1.5
Petroliber	90	
Sogefisa	81	
Telefonica	62	+0.3
Union Elect.	70.2	+1.2

UK COMPANY NEWS

● NEWS ANALYSIS—HEPWORTH ACQUISITION OF KENDALL SHOPS

Putting the zip back into a womenswear chain

BY RHYS DAVID

A YEAR after its last swoop into the High Street to pick up the W. E. Turner shoe chain, Hepworth, the menswear group, has made its second big acquisition.

Its target, as has seemed likely for some time, is a womenswear chain, the 80 shops trading under the Kendall name which Combined English Stores is selling for £1.75m.

Hepworth's choice of Kendall, which has incurred cumulative losses of £1.8m in the last six years, has been dictated to a large extent by availability, with many of the other big chains such as Dorothy Perkins, Van Allen and Wallis having already changed hands in the past two years.

Indeed, CES admitted last night that Kendall was a rather poor competitor in this league with rather small shops in too many out-of-the-way locations. Added to this, womenswear has been a particularly difficult retail sector for several years as a result of uncertain fashions, unseasonal weather, and the general economic recession.

CES, which also embraces Salisburys handbags, Collingwood, the jewellers, Harry Fenton, menswear, and a 50-strong German women's fashion chain, acquired Kendalls only three years ago and a made a profit on it only in 1979. Its disposal forms part of a general tidying up of the group's operations which has already seen the sale of the Herald household textile shops, and Youngsters toy shops.

For Hepworth, CES's problems are seen as an opportunity. Mr. Jeffrey Rowlay, the group's managing director, said yesterday they could see another 100 cities and towns where Kendall branches could be opened, making the group geographically and physically more viable.

"Womenswear has attracted us as being synergetic to menswear and footwear. We will get certain economies of scale and will be able to introduce into Kendall some of the well-tried merchandising practices of our other businesses."

Though the details have yet to be worked out, Hepworth is also planning to try and evolve a more distinct High Street role for Kendall.

"It is too much like the shop next door at present."

Hepworth has made no secret over the past year that it believes its management—largely freed from the difficulties of running the UK clothing business following last year's rationalisation of these activities—could respond to a bigger challenge and could use the systems that have made it one of the most successful menswear groups in other retailing sectors.

One of these is its Club 24 monthly repayment card which is already used by Kendalls and 14 other chains on an agency basis.

Perhaps just as importantly, the acquisition will bring Hepworth's total of shops up to 600, further strengthening its bargaining position with the big property groups now controlling many city centre precincts.

Significantly, too, Hepworth has indicated that it intends to concentrate its menswear retailing in much bigger superstores, pulling out of smaller sites. Some of these could be used for the planned expansion of Kendalls.

CES sells loss-maker for £1.75m

J. Hepworth and Son, the Leeds-based group with interests in menswear, shoe retailing, property and finance, has purchased Kendall and Sons, the womenswear clothing chain of Combined English Stores.

Hepworth is paying £1.75m for the group's 80 womenswear shops in the UK, the Channel Islands and the Isle of Man. In addition to the cash payment CES has received an £800,000 dividend from Kendall.

Mr. Jeffery Rowlay, Hepworth's managing director, said that Kendalls, which employs just over 450 people, will continue to be run from Leicester and the group "will be seeking every opportunity to develop and expand the chain."

Kendall showed a trading loss of £370,000 (£584,000) for the 53 weeks ended January 31, 1981. Taking in a credit on the disposal of retail shop properties of £1.04m (£340,000), there was a pre-tax profit of £618,000 (£221,000 loss).

The book value of Kendall's net assets at January 31 1981 amounted to £1.91m after the dividend to CES. Subsequent to that date other subsidiaries of CES purchased from Kendall five retail shops for a cash consideration equivalent to their estimated market value of £918,000. The book value of the properties was £362,000.

Profits of Hepworth, in which British Land has a 5 per cent shareholding, fell by £0.88m to £5.7m in the year ended August 31, 1980, on a turnover of £61.9m against £51.33m. In the first half of the current year profits fell from £3.5m to £2.72m including a contribution from W. and E. Turner for the first time.

Profits of CES fell from £4m to £3.2m in 1980-81.

Tysons continues recovery at full time

The recovery by Tysons (Contractors) at mid-year when a loss of £167,179 was turned into a profit of £65,217 continued in the second half and for 1980 as a whole the group emerged with a pre-tax surplus of £155,676, compared with a deficit of £405,394. Turnover was up from £14.24m to £21.69m.

Stated earnings per 10p share were 7.64p (loss 7.07p) after tax credits of £226,243 (£46,655).

The dividend is a same-again 2.1175p net.

Dealings start today in General Instrument

DEALINGS BEGIN this morning (May 12) in General Instrument, a New York based teechnology company which has just been granted a full quotation on the London Stock Exchange. GI specialises in cable television equipment, semiconductors and automated wagering devices. The company's New York Stock Exchange market capitalisation is around $1.1bn.

Mr. Frank Hickey, the chairman, is in Britain this week to discuss the London quote with UK institutional investors in London and Edinburgh. "We are attempting to broaden our investor community," he said yesetrday. Mr. Hickey explained that 52 per cent of GI shares are now in the hands of North American institutions.

He saw the placing of shares in the UK as "a move towards more stability in ownership."

Mr. Hickey could not say how much of the group's $825m turnover last year came from UK operations, but he stressed the company's commitment to Britain by citing its £8.5m expansion plans at the microchip production plant at Glenrothes, in Fife.

Mr. Hickey and other members of the board are today meeting with institutions in London. A placing of between $100m and $150m worth of shares in Britain would be "a fair objective" according to the chairman.

He added that GI does not have any immediate plans to raise funds on the London market, but this might be likely in a few years.

GI's New York share price yesterday was $114.

J. Beattie slips

Pre-tax profits of James Beattie, retail department store operator, slipped from £3.81m to £3.59m in the year to January 31, 1981, on turnover, including VAT, higher at £38.49m, compared with £36.98m. Interest received was £670,000 (£537,000).

Stated earnings per 25p share emerged at 17.14p (15.65p) after a lower tax charge of £1.63m (£2.02m).

The dividend for the year is maintained at 4.50303p net. Last year there was also a payment of 0.9085p in connection with close company status.

Energy Capital advances

DESPITE AN improvement in 1980 taxable profits from £26,900 to £129,871, the directors of Energy Capital feel it is not yet appropriate to commence the payment of a dividend. Last year 0.935p was paid.

The group was formerly Hamilborne, a brick manufacturing company, but as envisaged in the last annual report the brickworks were sold and available resources together with the proceeds of new capital issued were invested in the energy sector.

Energy Capital is now a holding company with two wholly-owned U.S. subsidiaries, Energy Capital Resources Inc. and Energy Capital Inc.

A substantial contributor to the profit for 1980 was an introductory fee paid by NCC Energy of U.S.$500,000.

Stated earnings per share were 0.97p (0.29p) after tax of £81,872 (£17,889) and extraordinary debits of £30,000 (£10,000).

Turnover amounted to £323,871 (nil).

On a CCA basis earnings per share emerge at 1.02p (0.29p).

CONTRACTS AND TENDERS

International bidding: Two sugar plants (Chile).

Industria Azucarera Nacional S.A. IANSA (National Sugar Industry) announces to investors that has put up for international bidding two sugar beet plants located in the southern part of the country.
The first one is in Curico - 200 kilometers south of Santiago, i.e., 7th region. The second one is in Ñuble, 8th region, 400 kilometers south of Santiago.

Natural or legal persons-either Chilean or foreign-may participate according to the specifications.

BIDDING CONDITIONS AND COMPLETE INFORMATION

Biddings conditions and the annexed inventories with the description of the assets to be sold, technical records and a complete feasibility study of Curico and Ñuble plants recently prepared by and expert advisory bureau, are at the disposal of interested parties.

Bidding conditions cost US$ 250 - in national currency - for each plant, and may be withdrawn beginning at the following addresses:

United States: Corfo, One World Trade Center, Suite 5151, New York.

Germany: 2.000 Hamburgo 1, Chile Haus B, IV Etage Fischerwiete 1.

England: Charge D'Affaires, 12 Devonshire Street London Win 2 - DS.

Italy: Via Nazionale 54-2p, Roma.

Dealine offer presenting: June 12th, 1981.
Date for bidding adjudging: June 24th, 1981.
Date for plants delivery:
During September 1981.

ASSETS TO BE SOLD

- Lands and factory facilities, warehouses and offices including the whole Curico- and Ñuble plants: The Curico Plant has the necessary equipment for refining raw sugar.
- All the machinery, tools, inputs, etc. existing in Curico Ñuble plants according to the inventories annexed to the bidding conditions.
- Bidding also includes the transfer of the dwelling houses placed at the Ñuble plant lands.

REMARKS

Any remarks interested parties may pose or for further information please contact the above mentioned offices, or at IANSA offices, 26 Bustamante Avenue, Santiago-Chile.

POSTPONEMENT AND PRESENTATION AND ADJUDICATION OF BIDS

IANSA has decided to postpone the presentation of bids from May 12th, 1981 to June 12th, 1981 and the adjudication of bids from May 22nd, 1981 to June 24th, 1981.

iansa
Chile

UK COMPANY NEWS

Brentnall Beard returns to profit

AFTER THREE *years of losses*, insurance broker Brentnall Beard (Holdings) has returned to profit in the half year to March 31, 1981, with a taxable surplus of £28,000, compared with a £335,000 deficit for the corresponding period last year.

This is in line with directors expectations in *January, when* they said that with the group's reorganisation mainly completed better results could be expected in the current year, despite the continuing recession in the insurance industry.

In the last full year, pre-tax losses amounted to £725,000.

There is no tax charge for the half year, against a credit last time of £40,000, and earnings per 10p share are shown as 0.4p (3.8p loss). The interim dividend is omitted

The surplus was struck after associates' losses of £25,000 (£85,000) and exceptional debit nil (£68,000).

Turnover fell from £499,000 to £388,000.

• comment

Brentnall Beard is beginning to show signs of recovery. Although brokerage income is reduced from around £400,000 to £288,000 in the first half-year, profitability has been restored. The broker has eliminated most loss-makers through sales or closures, which in part explains the fall in brokerage. As the major surgery has taken effect so expenses and overheads have been contained. Moreover, the group has been supported by around £100,000 from investment income, compared with investment income of around *£90,000* in the previous first half. The group is only carrying one loss-maker—an associate company based in Montreal in Canada which made losses of £25,000. The group is likely to continue to benefit from the surgery. But while the group may be leaner and fitter, it is operating against a dull trading background, in insurance broking, which again has led to some fall in brokerage. And the group's past relationship with controversial Lloyd's syndicate 762 has had some effect on sentiment. At *22p the group is capitalised* at £1.7m.

Pickles losses jump to £1.4m

A sharp fall in demand and a doubling of interest charges combined to push textile manufacturer *William Pickles* and Co. deeper into the red in 1980.

Sales fell from £25.32m to £22.28m and the pre-tax deficit jumped to £1.35m (£102,000) after interest costs of £894,000 (£430,000). The final dividend, like the interim, is omitted—there was a midway distribution of 0.2p net in 1979.

After tax credits of £570,000 (£506,000), minorities and extra-ordinary debits of £747,000 (£142,000), including rationalisation and closure costs, the attributable loss emerged at £1.53m (£255,000 profit). The loss per 10p share is shown as 2.7p (1.3p earnings).

Current cost adjustments leave the attributable loss at £1.92m.

Mr. Malcolm Greenslade, the chairman, says the centralisation of group administration and distribution at Hale and the vacation of two major premises in Manchester have already led to considerable overhead savings and a decrease in bank borrowings.

To restore profitability it may be necessary to make more sacrifices and to slim down still further, he adds. The current year is seen as one of consolidation rather than dramatic growth and there are already signs that demand is slowly returning.

Long & Hambly loss increases

For the half-year to February 2, 1981, pre-tax losses of Long and Hambly, rubber and plastic moulder, *increased from £203,000* to £407,000, on lower turnover of £6.47m, against £7.78m.

The company suffered a very serious reduction in demand, and there are *no* indications of any overall increase yet, the directors state.

There was no tax charge (same) and loss per 10p share was 2.065p (1.045p). The interim dividend is again omitted. Last year pre-tax losses totalled £193,430.

The company is a subsidiary of Scottish Cities Investment Trust.

RESULTS AND ACCOUNTS IN BRIEF

HORACE CORY AND CO. (Chemical colour manufacturer)—Results for 1980 already known. CCA profit before tax £37,000 against £311,000 historic, shareholders' funds £2.18m (£2.04m), fixed assets £966,500 (£741,598), net current assets £1.27m (£1.3m). Chairman states that first-quarter 1981 sales are below *last year's and it is expected that* first-half profits will be lower. Meeting, 17 Southampton Place, WC, June 2 at noon.

SOUTHAMPTON, ISLE OF WIGHT AND SOUTH OF ENGLAND ROYAL MAIL STEAM PACKET COMPANY (shipping and road haulage services, ship repair and general engineering)—Results for 1980 already known. Shareholders' funds £3.79m (£3.29m). Current assets £3.78m (£3.73m): current liabilities £1.5m (£1.32m). Fixed assets £4.42m (£3.57m). Meeting, Southampton, June 3, 12.30 pm.

NORTH MIDLAND CONSTRUCTION—Turnover for half year to February 28, 1981 £3.91m (£3.43m), net profit £102,498 (£97,513), after tax £111,040 (£105,639), *earnings per share 6.4p* (6.7p), interim 0.65p (same).

BISHOPSGATE TRUST—Final dividend 6.5p making 10p for year to March 31, 1981 (9.9p). Two-for-one scrip issue. Income £1,539,000 (£1,581,000), pre-tax profit £1,304,000 (£1,126,000): tax £449,000 (£415,000). Earnings per share 10.37p (10.45p).

LEAD INDUSTRIES GROUP—Results for 1980 and prospects reported April 10. Shareholders' funds £180.7m (£144.09m), fixed assets £59.96m (£51.49m), share of associates' net assets £90.79m (£49.84m) reflecting revaluations, net current assets £84.45m (£86.78m), loans £49.74m (£32.7m), bank loans and overdrafts £9.11m (£23.14m), liquid resources £9.83m (£6.09m). *Meeting, 14 Gresham* Street, EC, June 5 at noon.

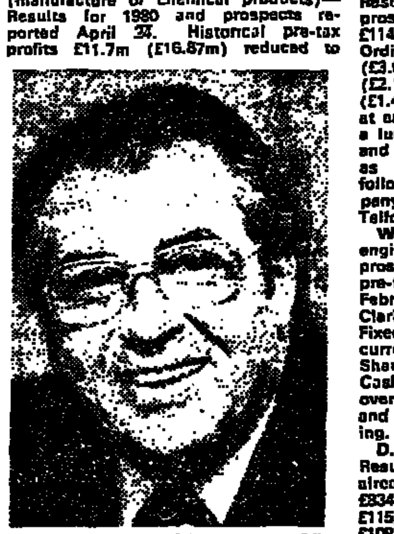
SOUTHEND STADIUM—Dividend for 1980 0.43p net (0.427p), pre-tax profit £147,100 (£145,288), tax £72,733 (£70,960), meetings held 136 (134).

OCEAN TRANSPORT AND TRADING—First quarter pre-tax profit was a little ahead of budget, Mr. W. N. Menzie-Wilson, chairman, told the AGM.

HADEN CARRIER (building and industrial services group)—Results for 1980 reported April 24. Shareholders' funds £21.39m (£15.29m), fixed assets £17.67m (£12.31m), current assets £71.9m (£66.49m), current liabilities £85.18m (£61.36m), loans £1.04m (£2.38m) Meeting, 7/12 Tavistock Square, WC1 June 5 at 3 pm.

HERMAN SMITH (electrical and mechanical engineer)—Net interim dividend 0.2p (0.17p adjusted) for 28 weeks to January 10, 1981. Last year's total 0.55p from profits of £513,038. First half pre-tax profit £213,497 (£97,447). Turnover £4.84m (£3.57m). Tax £111,018 (£50,672). Mr. M. Herman Smith, chairman, expects improved full time result.

LAPORTE INDUSTRIES (HOLDINGS) (manufacture of chemical products)—Results for 1980 and prospects reported April 27. Historical pre-tax profits £11.7m (£16.87m) reduced to £2.99m (£8.7m) on CCA basis. Ordinary shareholders' funds £94.46m (£114.67m). Fixed assets £47.53m (£44.66m) Investments £39.9m (£45.7m). Net current assets £35.83m (£47.83m). Loans £12.82m (£7.85m). Meeting, Chartered Insurance Institute, EC, June 5, noon.



Mr. Richard M. Ringwald, chairman of Laporte Industries.

TILBURY CONTRACTING GROUP—Results for 1980 reported April 18. Shareholders' interest £11.59m (£10.39m). Fixed assets £11.38m (£10.58m). Net current assets £599,888 (£2.97m). *Work in progress £8.75m* (£0.53m). Chairman says improved results should be shown in 1981. Meeting, St. Ermin's Hotel, SW, June 4, 11.45 am.

F. J. C. LILLEY (Civil engineering *and building contractor*)—Results for year to January 31, 1981 reported April 10. CCA pre-tax profit £3.96m against £6.11m historic. Shareholders' funds £26.69m (£15.77m), *fixed* assets £14.84m (£11.27m), net current assets £16.56m (11.38m), short-term deposits £0.55m (£0.15m) cash and bank balances £6.35m (£2.15m). Meeting, Glasgow, June 3, at noon.

LILLESHALL (steel and engineering)—Results for 1980 reported April 23, with prospects. Current cost pre-tax profit £114,000 against historical £306,000. Ordinary shareholders' funds £3.52m (£3.03m). Fixed assets £2.71m (£2.11m). Net current assets £1.16m (£1.43m). Mr. A. R. Pike is retiring at end of AGM. Board is recommending a lump sum payment to him of £10,000 and intends to appoint Mr. J. G. Price as executive chairman immediately following meeting, to be held at company's registered office, St. George's, Telford, on June 4 at noon.

WARD WHITE GROUP (footwear and engineering)—Results for 1980 and prospects already known. A £1.16m pre-tax gain arising from sale in February of K Shoes shares to C and J Clark will be reflected in 1981 results. Fixed assets £12.89m (£11.62m). Net current assets £18.01m (£14.29m). Shareholders' funds £27.51m (£23.26m). Cash £1.04m (£0.2m). Bank loans and overdrafts—£969,000 (£950,000) secured and £5.76m *(£4.44m)* unsecured. Meeting, Hilton Hotel, W, June 11, noon.

D. M. LANCASTER (tour operator)—Results for 18 months to end 1980 already reported. Shareholders' funds £834,948 (£245,794). Fixed assets £115,838 (£1,340), *net current assets* £109,933 (£230,370) including debtors £562,576 (£30,475), creditors £440,742 (£9,322) and cash £112,173 (£157,709). CCA profit before tax £257,204 against £285,119 historic. Chairman states there is every reason to look forward to a successful summer season for the holiday company, Club 18-30. Textile subsidiary has now been closed. Meeting, Westbury Hotel, Conduit Street, W1, June 2 at 11.30 am.

RUGBY PORTLAND CEMENT COMPANY—Results for 1980 reported April 14. Shareholders' funds £79.3m £64.73m). Net current assets £23.28m (£16.28m). Fixed assets £110.73m (£101.11m). Directors consider market value of land and buildings at year *end was at least £15m in excess of* book value. Chairman says company's UK cement activities are in good shape both to endure without detriment what remains of recession and then take full advantage of returning activity and prosperity. Meeting, Rugby, June 5, noon.

YOUNG COMPANIES INVESTMENT TRUST—Final 3.8p net making 6p (5.8p) *for year to March 31, 1981.* Pre-tax revenue £582,550 (£574,582), tax £185,220 (£179,674). Earnings per share 6.11p (6.07p), net average value per share 168p (123p).

MURRAY CLYDESDALE INVESTMENT TRUST—*Results for the six months to* March 31, 1981. Pre-tax revenue £1.18m (£1.26m), tax £444,929 (£480,141). Net asset value per 25p share 90.5p (78.2p). Stated earnings per share for the year to September 30, 1981, estimated at 1.75p (same). Interim dividend 0.5p net (same) already announced.

BOOSEY AND HAWKES (music publisher and musical instrument maker)—Results for 1980 reported May 1. Fixed assets £10.88m (£2.01m): net current assets £5.45m (£6.19m); shareholders' funds £14.6m (£7.4m). Historical pre-tax loss of £146,000 (profit £613,000) increased to £880,000 loss on a CCA basis. Accounts show £50,000 (nil) compensation was paid to directors for *loss of office*. Sir Richard Young, chairman, says group's target for 1981 is for recovery and restoration of profitability and first-quarter results were on target. Meeting: Cafe Royal, Regent Street, W, June 3, noon.

RICHARDS (LEICESTER) (ironfounder and *structural and mechanical engineer*)—Results for 1980 reported April 10. Shareholders' funds £2.76m (£2.35m). Fixed assets £1.79m *(£1.61m). Net current assets £1.5m* (same). Group has traded in a marginally profitable manner during first quarter of 1981. Meeting, Leicester, June 3, noon.

COMBEN GROUP (estate developer *and house builder)—Results for 1980* reported March 6. Shareholders' funds £23.18m (£16.68m). Net current assets £30.44m (£26.6m). Meeting, Bristol, on May 18, at 12.30 pm.

READY MIXED CONCRETE (construction materials)—*Results for 1980 re-*ported April 15. Shareholders' funds £152.43m (£142.83m). Net borrowings £20.07m (£30.74m). Fixed assets £205.99m (£210.24m). Current assets £175.99m (£183.58m). Current liabilities *£164.24m (£171.8m). Chairman says* RMC continues to respond to difficult conditions by reducing its costs and endeavouring to improve efficiency of operations. Contributions made by its new ventures and operations are encouraging. Meeting, Carlton Tower Hotel, SW, May 29, 11.30 am.

COMPANY NOTICES

ENSO-GUTZEIT OSAKEYHTIO
US$20,000,000 9¾% 1975/82
Guaranteed Bonds

Notice is hereby given to Bondholders that Bonds for the principal amount of US$1,000,000 have been purchasd in satisfaction of the Purchase Fund during the twelve-month period from May 5, 1980 to May 4, 1981.

Amount outstanding: US$17,500,000

May 12, 1981

ENSO GUTZEIT OSAKEYHTIO

INTERCOM
SOCIETE INTERCOMMUNALE BELGE DE GAZ ET D'ELECTRICITE
Société Anonyme
place du Trône 1, Brussels, Belgium

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the shareholders will be held on Friday, 15th May 1981 at 11 a.m. at the registered office of the Company, place du Trône 1, Brussels, Belgium.

AGENDA

1) To receive the reports of the Board of Directors, the "Collège of Commissaires" and the Company's Auditor.
2) To approve the balance-sheet, results accounts, and the appropriation of results for the financial year ending on December 31st, 1980.
3) To grant discharge to the Directors, the "Commissaires" and the Company's Auditor (in accordance with article 79 of the Belgian Companies Act).
4) To elect Directors and "Commissaires."

Note:
Holders of shares entitled and wishing to attend or be represented at the *meeting should, at least six days before* the day fixed for the meeting, deposit a certificate of their holding by an authorised depositary at one of the following banks:
—MIDLAND BANK, International Division, P.O. Box 181, 60, Gracechurch Street, London, E.C.3.
—BANQUE BELGE LIMITED, 4, Bishopsgate, London, E.C.2.
—BANQUE DE PARIS ET DES PAYS-BAS, S.A., 33, Throgmorton Street, London, E.C.2.
—BARING BROTHERS AND CO. LIMITED, 88, Leadenhall Street, London, E.C.3.
—HILL, SAMUEL AND CO. LIMITED, 100, Wood Street, London, E.C.2.
Thereupon an admission card will be issued to them.

A member of the Company entitled to attend and vote may appoint a proxy or proxies to attend, and on a poll to vote, in his stead. Such proxy must be a member.

Copies of the accounts and the reports in French (and résumés in English) for 1980 may be obtained from the above mentioned banking establishments.

THE BURMAH OIL COMPANY LIMITED

7% 1972-1987 Flux 500,000,000.-

Holders of the above mentioned loan are hereby informed that the annual instalment of Flux 50,000,000.- due 30th June, 1981 has been partially effected by repurchase in the market of an aggregate amount of Flux 13,000,000.- and partially by drawing by lot of the remaining Flux 37,000,000.-.

The following bonds have been drawn on 27th April, 1981 in the presence of a notary public:
4371-4410; 4439-4462; 4464-4478; 4508-4509; 4569-4573; 4575-4588; 4590-4618; 4624-4642; 4657-4670; 4681-4974; 5035-5037; 5112-5116; 5157-5432.

These bonds will be redeemable at par on and after 30th June, 1981 with all unmatured coupons attached thereto.

The principal amount of bonds outstanding after the amortisation of 30th June, 1981, will be Flux 300,000,000.-.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Paying Agent

Luxembourg, 12th May, 1981.

NOTICE OF REDEMPTION
US$25,000,000.00
AGA AKTIEBOLAG
9¼% BONDS DUE JUNE 15, 1988

NOTICE IS HEREBY GIVEN to the Bondholders of the above mentioned issue, *that the amount redeemable on June 15,* 1981 i.e. US$1,000,000.00 was bought back in the market. Amount outstanding US$22,000,000.00.

For AGA AKTIEBOLAG
By BANK OF AMERICA INTERNATIONAL SA.
Luxembourg
Principal Paying Agent

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting *floorshows. 189, Regent St. 734 0557.*

GARGOYLE, 69, Dean Street, London, W1. NEW EROTIC FLOORSHOW "CLOSE ENCOUNTERS" 11-3.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

LEGAL NOTICES

THE COMPANIES ACTS 1948 to 1967
MASON BROS.
(HAULAGE & STORAGE) LIMITED
TO ALL CREDITORS

I hereby give you notice that I am of the opinion that the Company will not be able to pay its debts in full within the period stated in the Directors' Declaration of Solvency and that pursuant to Section 288 of the Companies Act 1948, *a Meeting of the Creditors of* the Company will be held at Friends Meeting House, Hartshead, Sheffield 1, on Wednesday, 20th May, 1981, at 12.00, for the purpose of laying before the Meeting a Statement of the assets and liabilities of the Company.

Dated this 30th day of April, 1981.

BARRY EDWARD CALVERT,
Liquidator.

OFFICIAL NOTICE

The loss has been reported to us of the *following Warrant: Warrant No.* 273147 — Nos: 2/4 & 4/4 — 2 cases Germanium Dioxide, STW. Gross 69.1 Kilos.

Anyone claiming to be entitled to these goods is invited to enter protest by means of Summons against the delivery of the goods.

C. STEINWEG, N.V.,
P.O. Box 1068,
Willemskade 20,
Rotterdam 2, Netherlands.

ART GALLERIES

BROWSE & DARBY, 19, Cork St. PHILIP SUTTON paintings.

COLNAGHI ORIENTAL, 14, Old Bond Street, London, W1. 01-491 7408. ART OF THE EAST—until 15th May. Mon.-Fri. 10-6, Sat. 10-1.

COVENT GARDEN GALLERY, 20, Russell Street, WC2. Rural Views in 16 Counties. Watercolours by George B. Wollaston 1814-1899. Daily 10-6, Thurs. 10-7, Sats. 10-12.30.

DAVID BACKHOUSE Bronze sculptures at The Orangery, Holland Park, London, W8, in conjunction with the GLC. 9th-17th May. 11-7.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572-3. 20th Century Work on *view. Mon.-Fri. 10-5.*

MATHAF GALLERY, 24, Motcomb Street, London, SW1. 235 0010. Specialists in 19th C. and Contemporary Paintings of ARABIA.

NICOLA JACOBS GALLERY, 9, Cork St., W1. Tel: 437 3868. JEAN GIBSON RELIEFS.

RICHARD GREEN, 44, Dover Street, London, W1. 01-491 3277. BRITISH LANDSCAPE PAINTINGS. Daily 10.00-6.00. Sats. 10.00-12.30.

THE PARKER GALLERY, 2, Albemarle Street, Piccadilly, W1. Exhibition of Old Marine, Military and Sporting and Topographical Prints and Paintings of Ship Models.

WILDENSTEIN: Louise Nevelson, sculpture and Collages. Until 29th May. Weekdays 10-5.30. Saturdays 10-12.30. 147, New Bond Street, London, W1.

APPOINTMENTS

Young Investment Analyst
London Stockbrokers

We are seeking to appoint a young man or woman with "A" levels to join our team of investment research analysts. Previous experience an advantage but not essential. School-leavers will be considered. A full training will be given and the successful candidate will be encouraged to develop his or her ideas, and to take an active part in securing business. Salary to be negotiated.

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RTMZ sees no increase in metal prices this year

BY GEORGE MILLING-STANLEY

THERE IS a growing feeling among the chairmen of mining companies that the long-awaited upturn in economic activity, and thus metal prices, will come too late to help this year's results.

Mr. Bill Rickards, chairman of **Rio Tinto Mining (Zimbabwe)** (RTMZ), added his voice to the group which believes that no significant increase in metal prices can be expected until early 1982 at his company's annual meeting on Friday.

If this turns out to be the case, the profits of all RTMZ's operations will be lower than forecast in the recent annual report, he said, adding as an example the fact that a fall of US$100 an ounce in the average price of gold would cut group profits by about Z$900,000 (£635,000).

On the basis of present information, Mr. Rickards said, 1981's profit is unlikely to be more than half of the Z$4.88m recorded in 1980. If there is no improvement, dividends will have to be reduced accordingly.

In his statement with the annual report, Mr. Rickards said he could not forecast a dividend of more than 12 cents a share this year, compared with 16 cents in 1980.

The group's first-quarter results bore out these gloomy predictions. Rising operating costs and the lower bullion price combined to reduced net profits by 74 per cent to Z$618,000, with the Empress nickel mine and the chrome division both running into loss.

RTMZ said it plans to reverse the loss at Empress by increasing production in the second half of the year, and overall for 1981 the operation should show a profit, reports Tony Hawkins from Salisbury.

Output from the emerald mine remained satisfactory, but profits were lower, as a result of increased spending on exploration.

A new long-term loan has been arranged to fund the remaining construction work at the Reneo gold mine, which will reach full production next year.

The group's industrial arm, **Tinto Industries**, has started the year well, with an increase of something like 25 per cent in profits, Mr. Rickards said. The company should exceed the record of Z$563,000 earned last year.

For RTMZ as a whole, profits should improve during the next three quarters, and next year the medium-sized gold mine at Renco should start generating revenue of around Z$16m a year, which will increase group profits substantially.

Rio Tinto-Zinc of the UK has a beneficial interest of 56 per cent in RTMZ.

Tricentrol in NZ oil search

A CONSORTIUM of natural resource companies, with the UK-registered **Tricentrol** as operator, has been granted a petroleum prospecting licence covering an area of 2,400 square km in the Taranaki Basin off the coast of New Zealand's North Island. Tricentrol will have a 21 per cent interest in the consortium.

The licence area, granted by the New Zealand Government, is located approximately 50 km south-west of North Island and is adjacent to and south of the Maui gas-condensate field. The licence, which will run for five years, comes into effect on May 15.

Only two previous wells have been drilled on the licence area, one of which, the Maui 4, drilled in 1970, reached a depth of 3,500 metres and produced a flow rate of 575 barrels of oil a day. Maui 4 was subsequently abandoned as non-commercial, reflecting oil prices ruling at that time.

Other members of the consortium are **Petrocorp**, the New Zealand State oil company, with 40 per cent, **BRG Resources**, 9 per cent, **Cultus Pacific**, 7.5 per cent, **York Resources**, 7.5 per cent, **Marlin Oil**, 7.5 per cent and **Archean Oil**, 7.5 per cent.

The New Zealand Government has also awarded a petroleum exploration licence to Australia's **Broken Hill Proprietary** and New Zealand's **Fletcher Challenge**. The licence area, Block 115, is located immediately east of the Maui field.

BHP's subsidiary Hematite Petroleum (NZ) is the operator of the exploration programme and has a 25 per cent interest in the venture, while Fletcher Challenge holds 24 per cent. Petrocorp retains the remaining 51 per cent.

MMC group production

TIN CONCENTRATE output by the companies in the **Malaysia Mining Corporation** group fell last month to 1,153 tonnes, compared with 1,202 tonnes in March.

Only one company, **Berjuntai**, managed to increase its production, to 285 tonnes from 253 tonnes. Berjuntai, the second largest producer, brought the new No. 9 dredge into production on April 1.

The latest output figures are compared in the following table.

	April tonnes	March tonnes	Feb. tonnes
Aokam	98	100	107
Ayer Hitam	86	107	93
Berjuntai	285	253	243
Malayan	636	662	550
Sungei Besi	73	96	106
Tongkah Harb.	21	52	54
Tronoh Mines	48	53	46

ROUND-UP

Recent drilling at the Dreadnought prospect in the Coolgardie district of Western Australia has produced gold values averaging 12.7 grammes per tonne, according to the exploration company **A-Cap Development**.

Individual assays ranged between 2 grammes and a rich 25.83 grammes of gold per tonne over 1-metre widths, with one hole also containing an average of 38.7 grammes of silver per tonne. This hole also encountered grades of up to 11 per cent zinc, 4.5 per cent lead and 1.6 per cent copper.

Downturn at Benguet

Sharp declines in gold and copper prices cut first-quarter net profits of **Benguet Corporation**, one of the biggest mining companies in the Philippines, by 22 per cent to U.S.$8.02m (£3.7m).

Benguet is the largest gold producer in the country, and recently diversified into copper, becoming the third largest producer.

The results compared with the buoyant first quarter of 1980, when metal prices were exceptionally high.

The company was also held back by increased costs, losses on foreign exchange and a strike which interrupted gold production for 12 days.

Rights issue results

Acceptances have been received in respect of 98.3 per cent of the 34.4m shares offered in a rights issue by **Sterling Credit**.

Around 73.2 per cent of **W. E. Norton's** rights issue of convertible preference shares has been taken up. Those shares not accepted have been sold in the market at a premium.

The £624,267 rights issue by **East Anglian Securities** in 8 per cent convertible unsecured loan stock has been taken up as to £623,273.

The issue was not underwritten and as a result of partial renunciations by the principal shareholders a number of new institutional shareholders have come into the company.

Some £114,566 of stock has been acquired by institutional clients of Grieveson Grant and £72,000 by private clients of Stewart Fund Managers.

Scottish European Investments has taken £150,000 of the stock. The basis of allotment for **Energy Resources and Services Inc.** has been anounced.

Allotment in full will be made in connection with applications for 3.75m shares in accordance with the prospectus. A further 775 applications were received for 1,259,900 shares and these will be met in full subject to a maximum allotment to any applicant of 325,100 shares.

UNITED STATES PROPERTY TRUST

A new property unit trust for tax exempt UK pension funds was officially launched yesterday. **United States Property Trust** has already completed its first purchase of a U.S.$1.7m office industrial investment in Colarado Springs.

The new funds already backed by five UK pension funds including those of Associated Newspaper, Brooke Bond Liebig and Allied Breweries, is seeking to raise £10m over the next 12 months through the sale of £50,000 units.

The trust said that it will be looking primarily for investments in the major urban centres of the American west and south-west in the £500,000 to £1m range, and yielding more than 8 per cent.

BRUNSWICK OIL

Australian energy company **Brunswick Oil NL** is raising A$1.3m by two placings in London through stockbrokers T. C. Coombs Borland.

The issue will be subject to shareholder approval.

Proceeds of the placings will be used to supplement Brunswick's working capital.

BIDS AND DEALS

Associated Leisure sells Dreamland Park

Associated Leisure has entered into an agreement for the sale of the freehold property and business known as Dreamland Park Margate, with completion in November, 1981, for £1.6m cash. Book value of the assets being disposed of is around £1.55m.

The purchaser is a British company, a wholly-owned subsidiary of the Dutch Bembom family group of companies. The group owns and operates a number of similar parks in Europe and intends to continue to operate an expanded amusement park at *Dreamland.*

Associated Leisure will continue to operate under lease, the bingo, squash, artificial ice skating and various other facilities at Dreamland.

The profits of the businesses being disposed of are not material in relation to the profits of Associated Leisure as a whole. Cash released by the sale will be used for further investment in the development of its main stream businesses.

CROSBY WOODFIELD DISPOSALS

Crosby Woodfield has disposed of its interests in the merchanting of engineers supplies. The companies concerned are:

Stanley Jevons Tool Company; Stanley Jevons Tools (Birmingham); Stanley Jevons Tools (Bristol); Stanley Jevons Tools (Manchester); Ross and Alexander (Clwyd); Ross and Alexander (Liverpool); and Ross and Alexander (IoM).

Downing board rebuffs Hanson offer

Hanson Trust, the industrial services and agriproducts group, *appeared to have another bid* fight on its hands last night as the board of **G. H. Downing**, the bricks and building materials manufacturer, rejected its £12m cash offer outright.

Hanson, which earlier this year was unsuccessful in its attempt to acquire Central Manufacturing and Trading, is offering 200p for each Downing ordinary share. On the London *Stock Exchange the Downing* shares jumped 37p to 195p.

Hanson said that members of the Downing family, including an executive director, and certain others had irrevocably *agreed to accept the offer in* respect of 24.07 per cent of the capital.

Downing announced that the board (other than Mr. D. S. D. Skailes who was not available) *had consulted its financial* advisers, Hill Samuel and Co., and considered the offer "wholly inadequate and unacceptable." A detailed statement giving the board's reasons will be circulated after Hanson's formal offer documents have been posted. Meanwhile the board advises shareholders to take no action.

Downing said that among those shareholders who have committed themselves to the offer is Mr. R. Hollinshead, a director. He gave his commitment as a company trustee in accordance with instructions from the settlors, but declined to commit his own beneficial holding. Downing said that Mr. Hollinshead, as a director, fully supports the board's rejection of the offer.

Hanson has undertaken to make its offer before May 31 and has already held a meeting with the chairman of Downing, Mr. Douglas Hartley.

Sir James Hanson, chairman of Hanson, said he believes the offer fully reflects the values of Downing. The acquisition would take Hanson into the new areas of refractories, tiles, quarrying and electrical wholesaling.

Hanson is already involved in the production of bricks and lightweight aggregates through its subsidiary Butterly. Sir James said that the planned acquisition will complement the existing activities of Butterly and provide *many opportunities for co-operation* and expansion with resultant commercial advantages. The purchase would extend the geographical coverage of brick manufacture into Derbyshire, Nottinghamshire and Leicestershire. Butterly and Downing together have less than 10 per cent of the UK brick market.

In the six months to September 30, 1980 profits of Downing expanded from £0.75m to £1.06m but the chairman warned that second half prospects were bleak. Turnover in the half year rose by 22 per cent to £9.6m. Profits for the whole of the previous year amounted to £1.89m.

Earlier this year Downing expanded its Dutch brick manufacturing base with the acquisition of Steenfarbiek Esbeek for £755,000.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions *shown below are based mainly on last* year's timetable.

TODAY

Interims:—Associated Paper Industries, Baggeridge Brick, Thomas Borthwick, British Sugar, Frederick Cooper, Hawkins and Tipson.

Finals:—*Barr and Wallace Arnold* Trust, Charles Clifford Industries, Costain, Evered, Hongkong (Selangor) Rubber, King and Shaxson, London Pavilion, More O'Ferrall, NSS Newsagents, James Neill, Oxley Printing, Shires Investment, Turriff.

FUTURE DATES

Interims:—

Barlow Rand	May 14
Bass	June 9
Bluemel Brothers	May 19
Canadian Pacific	June 8
MEPC	June 2
Warner Estate	May 14

Finals:—

British Borneo Pet. Syndicate	May 14
Debenhams	June 2
East Midland Allied Press	June 3
Garner Booth	May 15
Hargreaves	June 18
Hinton (Amos)	May 19
Newman Industries	May 15
Norvic Securities	May 14
Pilkington Brothers	June 12

Warren set to rationalise further

Warren Plantations, whose recent rights issue, intended to finance diversification from plantations, was strongly opposed by some shareholders, is planning further rationalisation.

Yesterday the company announced that by late 1982 it intends to seek a quotation on the Indonesian Stock Exchange, and with this in mind it will *merge its three Indonesian subsidiaries.* A fifth of the merged company will be offered to local investors.

Warren has also acquired, subject only to confirmation by the Australian Foreign Investment Review Board, a 17,000-acre property growing wheat and cotton, neighbouring Iffley Cotton, which is 51 per cent owned by Warren.

DAVID & CHARLES/ HERITAGE FINE ARTS

David and Charles (Holdings), Newton Abbot based owner of the Readers Union Book Club, has purchased **Heritage Fine Arts**, with the help of £125,000 of funds supplied by Industrial and Commercial Finance Corporation (ICFC), part of the Finance for Industry Group.

Last year, ICFC supplied £90,000 to enable the company to start three new book clubs in Readers Union.

Heritage supplies, through its Bristol mail order business, high quality craft goods such as commemorative silver carriage clocks.

S. Crofty and Milbury to discuss suspensions

THE BOARDS of **South Crofty**, a Cornwall based tin mine, and **Milbury**, a housing development company, in which Saint Piran has respectively 58.5 per cent and 86 per cent stakes, are meeting today to consider the Stock Exchange's suspension of their shares on Friday.

The Stock Exchange made its move after legal control of Saint Piran, and the two subsidiaries, *South Crofty and Milbury*, passed to Gasco Investments, the master company of Mr. Jim Raper, a former chairman of Saint Piran.

Gasco Investments, through a Netherlands based subsidiary, *has bid 60p per share for Saint* Piran. The bid went ahead despite a ruling from the Takeover Panel last year, after a detailed investigation, that an offer of 85p per share should be made. The offer, which has received acceptances of nearly 66 per cent, became unconditional on Friday.

On Friday, the Stock Exchange explaining the share suspensions said that it considered it "undesirable that a company having securities listed on the Stock Exchange should be under the ultimate legal control of Gasco and Mr. J. J. Raper."

After the Stock Exchange's decision, Gencor Group, South Africa's second largest mining company, announced that it had instructed its solicitors to present a petition to wind up Saint Piran, a tin mining and housebuilding group, on "just and equitable grounds."

ARC CONCRETE

ARC Concrete has acquired the concrete block and lightweight aggregate production interests of **Hunnable Concrete Products**, which has five concrete block making plants at Braintree, Colchester, Cambridge, Norwich and Ipswich and a lightweight aggregate production unit at Ongar, Essex.

U.S. BID FOR ANGLO METROPOLITAN

First Pennsylvania Mortgage *Trust, a U.S. real estate invest*ment trust, is making a bid for **Anglo Metropolitan Holdings**, the British-based property company, by way of an exchange of shares.

First Pennsylvania, which is quoted on the New York Stock Exchange, is offering 123 of its shares for every 100 Anglo shares, a rate which values Anglo shares at 102p each. First *Pennsylvania intends to seek a* London listing for its shares in due course.

The possibility of a First Pennsylvania offer was raised last month as a "tidying up operation." Both companies are approximately half-owned by the same British institutions and individuals.

BURMAH GERMAN ACQUISITIONS

Burmah Oil (Deutschland) has acquired two German family-owned businesses, **Consulta Chemie** and **Horst Stirnberg**, for a total of approximately £1.4m.

Both companies manufacture and market specialised metal-working oils.

SHARE STAKE

Boustead—Hendon Green of Hong Kong, holds 5.02m shares (15 per cent).

Rothmans board meets with Rembrandt boss

True to the secretive style of Dr Anton Rupert, **Rothmans International** gave nothing away yesterday about its talks with the South African businessman who is selling a large slice of its shares to Philip Morris of the U.S.

Rothmans, the UK-based tobacco group with brewing interests in Canada, said that its board met with Dr Rupert the head of the *Rembrandt* industrial group, who had flown in to London especially to meet directors. Dr Rupert had given further information about the deal.

It added that both Rembrant, which owns 44 per cent of Rothmans and controls half the votes, and Philip Morris would be making a further announcement on the sale. The U.S. company—which includes the Marlboro cigarette brand, Seven-Up soft drinks and Millers brewery—is paying $350m for half of Rembrandt's Rothmans stake and certain American trademarks.

SECURICOR BUYING RCA SUBSIDIARY

Security Services, a subsidiary of **Securicor Group**, is to acquire RCA Security Systems (formerly Granley Security Systems) the U.K.-based alarms and electronics subsidiary of **RCA Corporation** of the U.S.

LONDON TRADED OPTIONS

May 11 Total Contracts 996

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	360	60	2	74	—	86	—	402p
BP	390	40	—	54	1	55	—	"
BP	420	20	20	40	4	—	—	"
BP	460	9	4	—	—	—	—	"
BP	500	3	3	—	—	—	—	"
Com. Union	140	38	1	42	—	46	—	166p
Com. Union	160	21	—	27	3	30	—	"
Com. Union	180	10	1	15	1	19	6	"
Cons. Gold	460	50	25	67	—	80	—	481p
Cons. Gold	500	30	—	43	—	60	6	"
Cons. Gold	550	18	2	30	6	—	—	"
Courtaulds	60	11	1	14½	6	17½	4	68p
Courtaulds	70	6½	—	9½	11	12½	42	"
Courtaulds	80	1½	7	5½	5	9	5	"
GEC	600	82	1	100	—	—	—	665p
GEC	700	18	1	35	—	55	—	"
Grand Met.	180	27	—	31	5	39	—	199p
Grand Met.	200	13½	4	20	1	28	—	"
Grand Met.	220	7	—	13	1	18	4	"
ICI	260	64	—	68	2	—	—	310p
ICI	300	32	16	36	8	50	1	"
ICI	330	16	1	22	21	36	—	"
ICI	360	7	3	—	—	—	—	"
Marks & Sp.	120	18	18	24	—	29	—	141p
Marks & Sp.	130	11	8	15	6	20	5	"
Shell	330	56	5	66	—	74	—	394p
Shell	350	54	3	44	—	56	—	"
Shell	390	18	8	30	—	—	—	"
Totals			134		80		71	
		May		**August**		**November**		
Barclays Bk.	420	11	2	32	1	38	...	420p
Imperial Gp	420	5½	—	9	20	9½	—	72p
Imperial Gp	80	¼	25	3	—	5	—	"
Lasmo	550	45	11	82	1	100	6	589p
Lasmo	600	20	28	52	1	73	—	"
Lasmo	650	6	11	30	2	48	—	"
Lasmo	700	1½	—	20	26	32	1	"
Lasmo	800	½	—	5	1	—	—	"
Lonrho	90	5½	18	12	10	14	—	94p
Lonrho	100	1½	—	6½	5	9	8	"
Lonrho	120	¼	50	2	—	—	—	"
P & O	140	4	125	11	9	15	—	141p
P & O	160	½	—	4	17	6½	3	"
P & O	180	¼	—	1½	1	3½	—	"
Racal Elec.	330	49	5	62	—	74	1	378p
Racal Elec.	360	19	90	41	1	54	9	"
Racal Elec.	390	3½	44	22	3	36	1	"
RTZ	414	130	2	—	—	—	—	538p
RTZ	420	—	—	130	2	150	2	"
RTZ	454	90	12	—	—	—	—	"
RTZ	460	—	—	105	10	105	—	"
RTZ	494	50	22	—	—	—	—	"
RTZ	500	—	—	65	15	75	26	"
RTZ	550	15	3	45	53	55	21	"
Totals			448		186		78	

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
Gold C	$475	—	—	11	54 A	—	—	$495.50
Gold C	$500	57	3.50A	10	39 A	6	64	"
Gold C	$525	23	0.50A	46	24	5	46	"
Gold P	$550	—	—	13	19	9	36	"
Gold P	$475	19	1.50	24	15.50 B	7	25	"
Gold P	$500	101	9	17	24 B	—	—	"
Gold P	$525	3	30B	1	36 B	—	—	"
		June		**Sep.**		**Dec.**		
GM C	$60	—	—	5	1¼	—	—	$52 1/8
		Jul.		**Oct.**		**Jan.**		
AKZO C	F.15	34	9.10	—	—	—	—	F.23.70
AKZO C	F.17.50	6	6.20	30	6.90	—	—	"
AKZO C	F.20	65	4	32	5	—	—	"
AKZO C	F.22.50	31	2.60	202	3.80	—	—	"
AKZO C	F.25	34	1.10	35	2.20	20	3.60	"
AKZO P	F.25	120	2	—	—	—	—	"
AMRO C	F.60	12	0.50	—	—	—	—	F.54.70
KODA C	$70	5	7¼	—	—	—	—	$74¼
HEIN C	F.50	—	—	5	5	—	—	F.53
HEIN C	F.55	17	1.70	—	—	—	—	"
HEIN C	F.60	24	0.70	—	—	—	—	"
HEIN P	F.55	—	—	8	4.50	—	—	"
HOOG C	F.15	5	3	—	—	—	—	F.17.40
HOOG C	F.17.50	30	1.70	30	2.40	—	—	"
HOOG C	F.20	5	0.70	49	1.30	—	—	"
IBM C	$60	16	2	—	—	—	—	$58
IBM P	$65	—	—	10	7⅝	—	—	"
KLM C	F.120	13	9.80 B	—	—	5	19.50	F.116.50
KLM C	F.130	47	5.80	15	11	—	—	"
KLM P	F.90	32	1.20	—	—	—	—	"
KLM P	F.100	24	3.80	9	6	—	—	"
KLM P	F.110	13	7 A	—	—	—	—	"
KLM P	F.120	23	12.60 B	—	—	—	—	"
KLM P	F.130	—	—	20	22.50	—	—	"
NATN C	F.110	5	3	—	—	—	—	F110.80
NATN C	F.115	17	1.30	—	—	—	—	"
NATN C	F.120	—	—	16	2.10	—	—	"
NATN C	F.125	10	0.40	12	0.80	—	—	"
NATN P	F.110	23	4	8	6	—	—	"
NATN P	F.115	5	6.50	—	—	—	—	"
NATN P	F.120	26	11.70	—	—	—	—	"
PHIL C	F.15	16	6.60 B	—	—	—	—	F.21.80
PHIL C	F.17.50	120	4.40	140	4.40	—	—	"
PHIL C	F.20	115	1.90	145	2.80	397	3.30	"
PHIL C	F.22.50	190	0.70	170	1.40	50	1.90	"
RD C	F.90	49	7.50	29	9	—	—	F.96.60
RD C	F.95	288	5.20	—	—	—	—	"
RD C	F.100	625	2.90	54	5.50	—	—	"
RD C	F.110	24	1 A	11	2.20	—	—	"
RD P	F.80	79	0.60	5	2.40 A	—	—	"
RD P	F.90	114	2.90	17	4.80 A	21	7	"
RD P	F.95	68	5.50	—	—	—	—	"
RD P	F.100	—	—	10	10.20	—	—	"
UNIL P	F.135	—	—	10	2.50	—	—	F.148
		MAY		**AUG.**		**NOV**		
BOEI C	$30	10	3½	—	—	—	—	$32½
SLY C	$100	20	1¾	—	—	—	—	$100⅜

TOTAL VOLUME IN CONTRACTS 4262
A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	12 %	■ Guinness Mahon	12 %
Allied Irish Bk.	12 %	■ Hambros Bank	12 %
American Express Bk.	12 %	Heritable & Gen. Trust	12 %
Amro Bank	12 %	■ Hill Samuel	§12 %
Henry Ansbacher	12 %	C. Hoare & Co.	†12 %
AP Bank Ltd.	12 %	Hongkong & Shanghai	12 %
■ Arbuthnot Latham	12 %	Keyser Ullmann	12 %
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd	14 %
Banco de Bilbao	12 %	Langris Trust Ltd.	12 %
BCCI	12 %	Lloyds Bank	12 %
Bank of Cyprus	12 %	Mallinhall Limited	12 %
Bank of N.S.W.	12 %	Edward Manson & Co.	13 %
Banque Belge Ltd.	12 %	Midland Bank	12 %
Banque du Rhone et de la Tamise S.A.	12½ %	■ Samuel Montagu	12 %
Barclays Bank	12 %	■ Morgan Grenfell	12 %
Beneficial Trust Ltd.	13 %	National Westminster	12 %
Bremar Holdings Ltd.	13 %	Norwich General Trust	12 %
Bristol & West Invests.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid. East	12 %	Ryl. Bk. Canada (Ldn.)	12 %
■ Brown Shipley	12½ %	Slavenburg's Bank	12 %
Canada Perm't Trust	13 %	E. S. Schwab	13 %
Cayzer Ltd.	12 %	Standard Chartered	‖12 %
Cedar Holdings	12 %	Trade Dev. Bank	12 %
■ Charterhouse Japhet	12 %	Trustee Savings Bank	12 %
Choulartons	12 %	TCB Ltd.	12 %
C. E. Coates	12 %	United Bank of Kuwait	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½ %
Co-operative Bank	*12 %	Williams & Glyn's	12 %
Corinthian Secs.	12 %	Wintrust Secs. Ltd.	12 %
The Cyprus Popular Bk.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14½ %		
First Nat. Secs. Ltd.	14½ %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		
Grindlays Bank	‡12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9½%, and over £50,000 10½%.
‡ Call deposits £1,000 and over 9%
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

Apple to make secondary offering

By Paul Betts in New York

APPLE COMPUTER, the Californian manufacturer of small, personal computers, is to make a secondary offering of 2.25m shares held by about 100 existing shareholders.

The move had been expected for some time. Indeed, Apple indicated its intention to go ahead with such an offering at the time of its first public issue of 4.6m shares last December. It made its official filings for the secondary issue with the Securities and Exchange Commission yesterday.

The initial offering was one of the hottest new issues on Wall Street. The shares were sold at $22 and subsequently shot up to $36. They have recently been trading at around $26.

Apple said yesterday that all of the shares in the secondary offering would be sold for the accounts of shareholders who acquired them either under the company's employee stock plans or in private placements. Apple currently has 55.2m shares outstanding.

The computer maker said the secondary offering was expected to be made late this month with Morgan Stanley and Hambrecht and Quist managing the underwriting group. Both the New York and San Francisco investment houses handled the highly successful initial Apple offering last year.

Apple, which is currently expanding rapidly in Europe, recently reported earnings for the three months ended March 27 of $9.2m, more than three times the $2.8m it earned in the same period of 1980. Although it said it had suffered from production delays on its new Apple 3 computer, it has since said that it has resolved the production problems on this new line.

WestLB may pass dividend after poor profits performance

BY STEWART FLEMING IN FRANKFURT

WESTDEUTSCHE LANDESBANK, the third largest banking organisation in West Germany with assets of more than DM 100bn ($$44.4bn), is facing the prospect of not paying a dividend because of its poor profits performance last year.

In the wake of reports about the bank's profitability and internal debate about dividend policy, WestLB said yesterday that no decision had been taken on the bank's dividend for 1980. In December when speculation about its profiability was already rife, WestLB officially denied that its earnings had fallen "catastrophically" and predicted that it expected to hold its dividend at last year's 6 per cent. It said then that the operating results of the parent bank had fallen by 20 per cent.

After a brief recovery in the general level of profitability in the banking industry in the new year, conditions have again deteriorated, partly as a result of the sharp jump in interest rates engineered by the Bundesbank on February 19. In view of that change some banks are known to have decided to take a much more conservative view of the 1980 figures.

WestLB's dividend decision is particularly sensitive at the moment because it has proposed a DM 200m increase in its capital. This follows capital increases of DM 100m in both 1979 and 1980. The bank's shareholders, and guarantors, each with a one third shareholding, are the state of North Rhine-Westphalia, the regional local authorities of the Rhineland and of Westphalia-Lippe, and the savings bank associations in these two areas.

The prospect of putting further capital into the bank, perhaps without receiving a dividend and at a time when there is heavy pressure on local authorities to curb their spending, is scarcely something the local authorities or the savings banks associations, will welcome.

Earlier this year Commerzbank, a publicly quoted commercial bank with assets of DM 100bn, became the first leading German bank since the Second World War not to pay a dividend. The German parent bank was unable to declare a profit for 1980. Ironically, in the wake of the resignation on the grounds of ill health of Herr Robert Dohm, its chief executive, Commerzbank turned to WestLB for a successor. Herr Walter Seipp, WestLB's vice chairman took over as Commerzbank's chief executive last week.

Lower earnings at MCA

BY OUR FINANCIAL STAFF

A FALL in revenues from cinemas has checked earnings at MCA, the leisure and entertainment group whose profits derive chiefly from its position as the largest producer of television material in the U.S.

The first quarter shows net earnings of $24.2m, or $1.01 a share, against $25.6m, or $1.09 a year ago. Revenues moved up from $322.8m to $339.9m.

For the whole of 1980, California-based MCA, which is a major figure in the film production industry through Universal Studios, and makes tapes and records, earned $5.31 a share, a fall of 9.8 per cent on the year, as a result of lower profits from its film, retail and mail order businesses.

Dealers in Paris lower prices of FFr bonds

By Francis Ghilès

FRENCH FRANC Eurobond prices fell by up to three points yesterday, on news of M. Francois Mitterrand's election victory.

Much of the downturn, however, was the result of marking down by dealers in Paris to forestall heavy selling pressure. The lower prices brought the average yield of five to seven-year paper up to 15½-¾ per cent.

Domestic French franc bond prices also fell back, by about two points. This brought the yield on longer dated domestic bonds to around 15¼ per cent. French names did not suffer in the dollar and D-Mark sectors of the market.

Prices of fixed interest dollar bonds moved ahead by an average of ½ point as Eurodollar interest rates slipped back; the six-month rate closing ⅜ down on the day at 18⅜ per cent.

The steadier tone of the market enabled Wood Gundy to launch the first fixed interest dollar Eurobond in four weeks—a $40m three-year bond for the Federal Canadian agency, Federal Business Development Bank.

The relatively general coupon of 15¾ per cent on the bond, which has been priced at 99¾ to yield 15.86 per cent, pushed down prices of a number of other short-dated bonds outstanding in the dollar sector for Canadian names.

The $100m 15-year convertible Nippon Kokan, the Japanese steel manufacturer, was priced at par yesterday after the initial coupon had been cut by ¼ per cent to 6¼ per cent and the conversion premium set at the low level of 3.87 per cent.

The warm reception given this convertible contrast with the cool response which forced a cut in the amount of two U.S. convertibles last week.

D-Mark foreign bond prices gained ½ a point on the day. This sector was helped by the better tone of the domestic D-Mark bond market which allowed the Bundesbank to sell DM 50m of paper.

In Switzerland, where foreign bond prices fell ½ of a point, Nippon Kokan is arranging a SwFr 100m five-year private placement which carries a coupon of 4⅝ per cent through UBS. Meanwhile Credit Suisse is arranging a SwFr 25m five-year private placement for Bayerische Ferngas, which carries a coupon of 7⅞ per cent.

Heavy demand likely to lift Mexico Fund

By John Makinson

HEAVY DEMAND could result in an increase in the size of the Mexico Fund, a new vehicle enabling foreigner to buy a broad portfolio of Mexican equities for the first time.

The fund's prospectus was released late last week and some underwriters expect to receive provisional orders for more than their allotted amounts. The fund, a closed-end investment company, had been planning to raise $72m in shares of $12 each, but the figure could be lifted to between $80m and $100m if demand proves strong enough.

Underwriters emphasised, however, that the offer will not be formally launched until the U.S. Securities and Exchanges Commission formally approves the issue in about a mont hand the level of demand could change during that period.

The launch of the fund has been delayed several times by administrative hitches in the U.S., but the relatively weak performance of the Mexican stock market in recent months does not appear to have significantly reduced the strong foreign interest in Mexican stocks which was apparent for much of last year.

UK institutions have been pratieularly keen to buy Mexican shares in the belief that the country's oil riches will produce a strong growth in corporate earnings during the 1980s.

Foreigners until now have been able to buy shares in only a limited number of Mexican stocks because of restricity government regulations.

The new fund will be able to invest in all Mexican equities, although final voting control will remain in the hands of Nacional Financiera, Mexico's state development bank.

Half of the $72m is being offered in the U.S. and the remainder is being sold to investors elsewhere. Merrill Lynch is acting as lead manager for both tranches. Bache Halsey Stuart Shields and Salomon Brothers are co-managers for the U.S. portion. The international underwriting group comprises 13 co-managers, with representatives from the UK, Switzerland, France, Belgium, the Netherlands, West Germany, Mexico and Japan.

GROWTH AT ITALIAN BUSINESS-MACHINE MAKER

Olivetti banks on electronics

BY JAMES BUXTON IN ROME

"THINGS HAVE CHANGED dramatically for Italian industry in the past two years and I think Olivetti has been responsible for that change." That is the bold claim of Sig. Carlo de Benedetti, vice-president of Olivetti and the man who, by common consent, has transformed it since 1978 into the most flourising large private company in Italy today.

At next week's annual meeting at Ivrea in northern Italy the business machine and data processing equipment manufacturer will be celebrating a near trebling of group profits to more than L100bn ($89m) in 1980 on turnover of L2.183bn. The parent company, Ing. C. Olivetti and C., has doubled its profits from L23.8bn in 1979 to L50.1bn and a dividend up from L100 to L140 per share is to be paid.

Sig. de Benedetti told shareholders last Friday that results were satisfactory compared with those of previous years "but if we make a serious comparison with our competitors, not only in Europe but in Japan and the U.S., I then have to say these results are still insufficient." However, he hopes for improvement this year, and said turnover and orders were increasingly satisfactory.

When Sig. de Benedetti came to Olivetti three years ago (he bought a substantial holding in its equity at the same time), the company was ineffectively managed, under-capitalised, burdened with debts to the extent that 10 per cent of sales revenue went to pay interest, over-manned and suffering from low productivity. But it did have a strong technological base.

The remedies of raising new capital on the stock market, of shedding labour and making the remaining workers more productive, might seem obvious. Yet they had not been tried either by Olivetti's previous management, or, until Olivetti showed the way, by other big Italian private companies such as Fiat, Porelli and Montedison, which were mesmerised by the adverse political climate of Italy in the 1970s and the power of the trade unions.

The nominal capital of the Olivetti holding company went up from L60bn to L100bn, with Sig. de Benedetti's arrival and was further increased in 1979 and 1980, so that it now stands at L208.7bn. Shareholders will next week be asked to approve a further increase, which will take the nominal share capital up to nearly L233bn and bring in a total of L180bn in new funds, partly through a convertible bond issue.

Group debt has steadily declined from L939bn in 1978 to L761.4bn at the end of last year, and there has been an important shift in the structure of debt away from short-term to medium-and long-term. In 1979, Olivetti paid its first dividend since 1974.

The three main pillars of Olivetti's business are now banking terminals, business computers and electronic typewriters. Last year data processing systems accounted for 53 per cent of turnover, against 47 per cent for business machines. But the electronic typewriters contain so much software that the distinction is barely valid any more. The reason Sig. de Benedetti is optimistic about this year (first-quarter sales by the parent company were up almost 20 per cent) is that Olivetti's businesses are not seriously affected by recession. The recession, he says, forces customer companies to cut their costs and raise white-collar productivity, which automation can do for them.

Next, Olivetti wants to expand in telecommunications and in consumer products. It makes telex equipment and sells PABXs (private automatic business exchanges) under licence from Northern Telecom of Canada and would like to commence manufacture,

This is because both the form of and the market for Olivetti's expansion in telecommunications is made uncertain by two factors. One is the uncertain future of the Italian telecommunications sector, which is conditional on the restructuring and refinancing of the State telecommunications utilities and rationalisation of the partly State-owned, partly private-sector equipment industry.

The other factor is the development of Olivetti's relationship with the French company Saint-Gobain-Pont-à-Mousson, which bought a big stake in the Italian company nearly a year ago. The French company has built up its stake to 30 per cent of the equity of Olivetti, a move Sig. de Benedetti says he advised it to do before the share price rose any further.

The initial object of the agreement with St. Gobain was to bring in new funds. The French group paid a premium on the nominal value of some of the shares it bought in the capital raising operation of 1980. But Olivetti also hopes its relationship with Saint Gobain will give it access to the strong French market for both office and telecommunications automation equipment—bureaumatics and telematics—in which St. Gobain is already involved through its 20 per cent holding in Cii-Honeywell Bull group.

Sig. de Benedetti says the two companies are considering a joint venture in PABXs which would involve a third partner to supply the technology, either under licence or as a participant. But, he says, "We cannot lose the market opportunity if this strategic design is postponed not because of us but because of difficulties in forming such a venture, such as getting the new partner."

Of St. Gobain's participation in Olivetti, he says: "A project of this importance cannot be judged within less than two years. If within another year there is no sign of a practical consequence for Olivetti's revenues from the deal—though I don't think this will be the case—I will be disappointed. From the personal point of view, relations with St. Gobain are totally excellent.

The threats to the prosperous year, Sig. Benedetti envisages for 1981 include exchange rates, particularly that the 6 per cent devaluation of the lira at the end of March has not had much effect on most exchange rates, while the company's dollar based sales are not big enough to offset the cost of dollar purchases. Also, the poor economic situation in Argentina is a danger. Olivetti's sales there this year have been only half what had been expected.

And there is the uncertainty about a plant in southern Italy where it was agreed with the Government to produce cash registers in anticipation of a new law extending their use. But the law has not materialised and the resulting uncertainty has for the moment destroyed the Italian cash register market. However, one of Olivetti's strengths should be that nearly three quarters of its turnover arises abroad.

OLIVETTI IN FIGURES

	1978	1979	1980
	Lbn	Lbn	Lbn
TURNOVER			
Ing. C. Olivetti	719	903	1,102.9
Group	1,556	1,853	*2,180.2
PROFIT (LOSS)			
Ing. C. Olivetti	2.1	23.8	50.1
Group	(88.1)	37.3	*100
DEBT			
Ing. C. Olivetti	450.2	428.7	318.7
Group	93.6	859.2	761.4

* Provisional

Firestone sells stake in Japanese tyre group

BY OUR NEW YORK STAFF

FIRESTONE TIRE and Rubber, the U.S. tyre group, and USR Industries, a New Jersey-based chemicals concern, have announced the sale of interests to Japanese companies.

Firestone said it had sold its 19 per cent stake in the Ohtsu Tyre and Rubber Company of Japan for an undisclosed sum to Unitika, the Japanese company which is already the largest shareholder in Ohtsu.

But Firestone said the transaction, which appears to be largely aimed at raising cash for the U.S. tyre manufacturer, was not connected with its current discussions with Bridgestone, Japan's largest tyre producer, involving possible joint production of radial ply tyres for heavy-duty trucks.

As for USR Industries, it said yesterday it had agreed to sell for $2.3m some of the assets of its chemical products subsidiary, USR Chemicals, to Mitsubishi Chemical Industries of Japan.

USR added that Mitsubishi would continue to conduct the regular business operations of USR Chemicals at the company's present facility. These operations include the manufacture of luminescent phosphors for colour television sets and speciality applications.

● Bucyrus-Erie Company, the U.S. mining equipment and construction machinery maker, meanwhile has terminated its Komatsu-Bucyrus joint venture with Komatsu and Mitsui and Company of Japan. After dissolution of the joint venture, expected to be completed in the third quarter, Bucyrus said it expected to receive an additional payment of about $1m. The company said it had already received $13.6m for the sale to Komatsu of technical data on certain hydraulic excavators as well as regular royalties through to March 31.

Bucyrus had a 40 per cent interest in the joint venture. Komatsu also held 40 per cent with Mitsui 20 per cent.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday, May 14.

Closing prices on May 11

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 15¾ 86 (WW)	55	98½	99	−0⅛	−1½	15.60
Amoco 13¾ 88	75	92¾	92⅞	+0⅝	−0⅞	15.02
CIBC 14½ 84	185	97⅝	98⅛	+0½	−0⅞	15.42
CNE 12¾ 91	100	87	87½	+0½	−2⅛	15.32
Citicorp O/S Fin. 10 86	300	82⅜	82⅞	+0½	−0⅜	16.07
Citicorp O/S Fin. 12 87	200	86⅜	87⅜	+0½	−1⅜	15.28
Con. Illinois O/S 9¾ 86	160	80½	81	+0⅜	−1⅜	15.42
Dupont Canada 13½ 91	65	91⅞	92⅜	+1⅞	−1	15.06
EEC 11 85 (August)	70	75	76	+0⅞	−2⅞	15.29
EIB 12¾ 89	75	87⅞	88⅜	+1⅛	−1⅛	15.43
Eldorado 13¾ 86	50	92⅞	93⅜	+0⅛	−0⅞	15.37
Elec. de France 10 88	125	78	78½	+1⅛	−1⅛	15.17
Elec. de France 13 88	125	91⅛	91⅝	+0⅞	−1½	15.09
Export Dv. Cpn. 9½ 86	150	80⅝	81⅛	0	−1⅛	15.50
Fnd. Bc. D 12⅛ 85 (N)	50	89⅜	90⅜	−0⅜	−1⅞	15.42
Fin. Exp Credit 10½ 85	50	84⅛	84⅝	−0⅜	−0⅞	15.90
Finland, Rep. of 9½ 86	100	79¼	79¾	0	−1⅛	15.85
Ford Credit O/S 14⅝ 83	150	96⅞	97⅜	+0⅛	+0⅛	15.95
Ford Cr. O/S Fin. 16 84	150	99⅝	100⅛	+0⅛	+0⅜	15.90
Gaz de France 13½ 86	80	95	95½	+0⅝	−1⅛	14.92
GMAC O/S Fin. 12 87	100	85¾	86⅜	+0⅞	−1⅜	15.56
GMAC O/S Fin. 12⅞ 88	100	89⅛	89⅝	+1⅛	−0⅜	15.45
Gen. Mtrs. O/S 11⅜ 87	100	84⅝	85⅛	+0½	−1⅜	15.59
Genstar 14⅜ 91	50	97⅞	98⅜	+0½	+0⅜	15.11
GTE Fin 13⅜ 86 (WW)	50	95⅛	95⅝	+0⅛	−1½	15.13
Hudson's Bay 11½ 90	75	81	81½	+1⅛	−1⅛	15.46
IBM Wld. Trade 12½ 88	200	93	93½	+1⅛	−0⅜	14.08
Newfoundland 13½ 90	60	90⅜	90⅝	0	−1⅞	15.52
Nova Scotia 10⅜ 90	50	78½	79	+0⅛	−1⅛	15.16
OKB 10 85	50	84⅝	85⅛	+0½	−0⅜	15.11
Ontario Hydro 13¼ 91	100	92	92½	+1⅛	−0⅜	15.03
Quebec Hydro 11½ 92	100	78¼	78¾	+0½	−2⅜	15.70
Queb. Hy. 13 91 (WW)	100	87⅞	88⅜	+0⅛	−3⅜	15.39
Royal Bk. Canada 14 86	100	96½	97	+0⅛	+4⅛	14.96
SNCF 13¾ 85	50	92¼	92¾	−1⅛	−1⅛	14.99
SNCF 13 91	75	90⅞	91⅜	+0⅛	−0⅛	14.74
Sth. California Ed. 14 87	50	95⅛	95⅝	−0⅛	−1⅛	15.18
Sven Handelsbk. 13⅜ 88	45	92⅞	93⅜	+0⅛	−1	15.42
Sweden 12⅜ 85	150	89⅞	90⅜	+0⅞	−1	15.60
Swed. Ex. Credit 12 83	50	92⅛	92⅝	+0⅜	−1⅛	15.90
Swed. Ex. Credit 13 88	75	90⅜	90⅞	+0⅛	−1⅛	15.83
Toronto-Dom. Bk. 14 84	50	96⅜	96⅞	+0⅛	+1⅛	15.49
Tribune O/S Fin. 14 86	50	94⅝	95⅛	0	−1⅛	15.54
World Bank 9¾ 85	200	84	84½	+0⅛	−1	15.17
World Bank 10⅜ 87	300	81¼	81¾	+0½	−0⅞	15.08

Average price changes. On day +0½ on week −1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	97⅞	97⅞	+0⅛	+1⅛	10.41
Austria, Rep. of 8¾ 92	150	87¾	88½	+0⅛	−1½	10.03
CECA 7¾ 92	150	87¾	88⅛	+0⅛	−0½	9.69
CECA 10 91	120	100	100⅜	+0⅛	−2⅛	9.93
Cii-Honeywell 8¾ 90	125	89⅜	90½	+0⅛	−0⅛	10.06
Council of Europe 10 91	100	98⅜	99⅛	+0⅛	+1⅛	10.16
EIB 8½ 90	200	88⅞	89⅜	+0½	−2	10.32
EIB 10½ 91	200	101¾	102	+0⅜	−0⅞	10.22
ESCOM 9¼ 87	100	92⅞	93⅛	+0⅛	−0⅞	10.72
Finland, Rep. of 10 88	100	97⅜	97⅝	+0⅛	+1⅛	10.48
Iberduero SA 9 90	100	92¾	93½	−0⅜	−2⅛	10.24
Ind. Bk. Finland 8½ 90	50	89⅜	90⅛	+0⅛	0	10.22
Int-Am. Dv. Bk. 10 91	100	99	99⅜	+0⅛	−0⅛	10.09
Japan Air Lines 8½ 87	100	91½	92¼	+0½	−1⅛	9.85
Japan Dev. Bank 7⅞ 87	100	88⅞	89⅜	+0⅛	−0½	9.99
Kobe, City of 8 90	100	88⅞	89⅛	+0½	−1⅛	9.83
Midland Int. Fin 8½ 90	150	90⅞	91⅜	−0⅛	−1⅞	9.96
Norichbrus 9¾ 88	100	89⅜	90½	−0½	−0⅜	11.81
OKB 8¼ 92	150	86½	87½	+0⅛	−2⅛	10.25
Oslo, City of 8¾ 90	80	94⅜	95½	−0⅛	−1	9.65
Venezuela, R. of 9¾ 90	150	93¾	94¼	−0⅛	−1⅛	10.82
World Bank 8 90	700	86⅜	87⅛	+0⅛	−1	10.23
World Bank 10 86	160	100⅜	100⅞	−0⅜	−0⅜	9.86

Average price changes On day +0⅛ on week −1

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	95⅞	96⅜	+1	+0⅛	7.07
BFCE 6½ 91	100	96⅜	96⅞	−1⅛	−1⅛	6.98
Bayer Int. Fin. 5¾ 92	100	†89½	90	0	−0⅛	6.56
Bergen, City of 6¾ 91	40	92¼	92½	+0⅛	−1⅛	7.88
Buhrle-Tutterode 7 90	40	98½	98¾	−0⅛	−1⅛	7.21
CECA 6⅜ 91	30	94⅜	94⅞	−0½	−0⅜	7.52
Denmark 5⅞ 90	80	85	85⅜	−0⅜	+1	8.11
Dome Petroleum 6¾ 91	100	91½	92	0	−1⅞	6.92
Gaz de France 5¾ 90	100	89⅜	90	−0⅜	−0⅜	6.74
Eurofima 5¾ 92	80	97¾	97¾	−1	−0⅜	6.05
G. H. Hypo. Bk. 6 90	50	90⅜	90¾	−0⅜	−0½	7.47
Finland, Rep. of 5⅝ 90	80	†86	87	−0⅛	−0⅛	7.71
Franc. Petroles 6½ 91	80	95¾	96½	+0⅛	+0⅛	7.02
Genstar 7 91	100	99½	99⅜	+0⅛	+0⅛	7.05
Int.-Amer. Dv. Bk. 7 91	100	97½	98	−0½	−0⅜	7.32
Japan Dev. Bank 5¾ 90	100	91½	91¾	−0⅛	+0½	6.86
Mt. Blanc Tunnel 5½ 90	60	85⅜	86	−0⅛	+0⅞	7.57
Newfd. 5⅜ 90	80	†91	91½	0	+0⅛	7.03
NCB 7 92	100	97⅜	98⅜	0	+0⅛	7.26
Oslo, City of 5⅞ 90	80	92	92⅜	−0½	−0⅛	7.04
Philips Lamps 5¾ 92	100	88⅜	88½	0	−0⅜	6.75
Swed. Ex. Cred. 7¾ 91	75	97½	97⅞	−0⅛	+1⅜	7.58
Trade Dev. Fin. 6⅜ 90	50	90	90⅜	−0⅛	0	7.63
Transalpino 5¾ 90	80	90	90½	0	0	7.21
World Bank 6 91	100	†91	91½	+0⅛	+0⅛	7.29
World Bank 7 90	100	99⅞	100½	0	+0⅛	7.00

Average price changes. On day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk 8¾ 91	15	98½	98¾	—	—	8.42
Australia 6½ 86	20	86⅝	87⅛	0	−0½	9.04
EIB 7⅞ 85	12	93¾	94⅜	−0⅛	−0⅛	8.61
Finland 5.6 83	10	92⅝	93⅛	+0⅛	−0⅛	8.89
Finland 5.8 88	10	87½	88½	−0⅛	−0⅛	9.21
Finland Rep. of 8⅜ 87	15	98⅜	98⅜	−0⅛	−0½	8.62

Average price changes On day −0⅛ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	89	90	0	+0⅛	13.38
CIBC 13¼ 85 C$	50	†93	94	+1	−1⅛	15.81
CIBC 11½ 85 C$	80	88	89	0	−0⅛	15.39
Federal Dev. 11½ 90 C$	80	†82	83	+0½	−1	15.12
First Can. Inv. 10 84 C$	50	†85½	86½	+0½	−0⅞	16.24
R. Bk. Canada 10 86 C$	40	89	80	0	−2	12.98
Seldom Cpn. 13½ 85 C$	30	†93	94	+0½	−1⅞	15.81
M. Bk. Dnmk. 9 91 EUA	25	91	92	+0⅛	+0⅛	10.34

	Issued	Bid	Offer	Change on day	Change on week	Yield
SOFTE 8¾ 89 EUA	40	87½	88⅜	+0⅛	+1	10.53
U. Bk. Nwy. 9½ 90 EUA	16	97	98⅛	−0⅛	0	9.90
Algemene Bk. 10⅜ 86 Fl	60	96⅛	96⅝	+0⅛	−1⅛	11.39
Bk. Mees & H. 10 85 Fl	75	96⅛	96⅝	+0⅛	−0⅞	11.09
Heineken NV 10 87 Fl	100	93¼	93¾	+0½	−1⅞	11.51
Nat. Nedrlndn. 10 88 Fl	60	92½	92⅞	+0⅛	−3	11.62
Ned. Midd. Bk. 10 85 Fl	75	95⅝	96⅛	−0⅛	−1⅛	11.21
Pierson 10⅜ 86 Fl	50	95½	96	+0½	−1½	11.42
Air France 14½ 86 FFr	200	98	98¾	−0⅛	+0⅛	14.97
Bk. America 14½ 88 FFr	250	95⅝	96⅜	−2	−2	15.67
Charb'nages 13⅞ 85 FFr	400	96⅝	97⅛	−0½	−1½	14.79
EIB 14⅜ 88 FFr	300	95¾	96¼	−2⅛	−3⅛	15.13
La Redoute 14¾ 85 FFr	125	93⅞	94⅞	−1½	−1⅛	16.11
OKB 14 86 FFr	400	94⅜	95⅜	−2⅞	−4	15.46
Solvay et C. 14⅜ 86 FFr	200	101⅜	102⅜	−0⅛	−1⅞	14.15
Swed. Ex. C. 14⅝ 86 FFr	250	95½	96⅜	−1⅛	−1⅛	15.87
U. Mex. Sts. 14 85 FFr	150	94¾	95¾	−2	−2⅛	15.65
Acona 14 85 £	20	94⅝	95	+0⅛	−1⅛	15.86
Beneficial 14⅛ 90 £	20	91	91¾	+0½	−2⅞	16.02
BNP 13½ 91 £	15	94	94⅜	−0½	−1½	14.58
CECA 13½ 88 £	20	94⅜	95½	+0⅛	−1⅜	14.59
Citicorp O/S 13½ 90 £	50	94½	94⅞	0	−1⅛	14.62
Fin. Ex. Cred. 13¾ 86 £	15	96⅜	97⅜	+0⅛	−1⅛	14.62
Gen. Elec. Co. 12¾ 89 £	50	92	92⅜	−0⅛	−1⅛	14.15
Hiram Walker 14⅛ 86 £	25	95⅞	96⅜	−0⅛	−2⅛	15.37
Privatbanken 14½ 88 £	12	95⅛	96	+0½	−1⅜	15.56
Rothschild 14½ 90 £	12	96¾	97½	0	−0⅜	14.80
Royal Trustco 14 86 £	12	97⅜	98⅛	−0⅛	−1⅜	14.64
Swed. Ex. Cr. 13¾ 86 £	20	96⅜	97⅛	−0⅛	−1	14.62
Banobras 8½ 90 KD	7	†90	90½	0	−1½	9.94
CCCE 8½ 91 KD	10	†82¾	83⅜	0	−1	11.03
Sonatrach 8½ 90 KD	12	†93	93½	0	−1⅛	9.86
Akzo 9¾ 87 LuxFr	500	85⅞	86⅜	+0⅛	−0⅛	12.57
Euratom 9¾ 88 LuxFr	500	89⅜	90⅜	0	−0⅛	12.02
Eurofima 10½ 87 LuxFr	500	93⅜	94⅜	+0⅛	+0⅞	11.88
EIB 9¾ 88 LuxFr	600	90⅜	91⅜	0	−0⅛	11.77
Volvo 9¾ 87 LuxFr	500	86⅜	87⅜	0	+0⅛	12.86

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	0¼	98⅝	99⅛	2/7	16⅝	16.81
Bank of Montreal 5¼ 90	0¼	99	99½	18/5	19½	19.65
Bank of Tokyo 5⅛ 89	‡0⅛	98	98½	25/7	16½	16.79
BBL Int. 5 86	0⅜	99⅜	99⅜	20/5	16½	16.58
BNP 5½ 88	‡0⅛	98⅜	99⅛	29/7	16.44	16.62
CNT 5⅜ 86	§0⅛	98⅞	99⅜	15/10	16.81	16.96
Christiania Bk. 5½ 91	‡0⅛	97½	98	5/8	17.31	17.71
Citicorp O/S F. 94	‡0	99	99½	30/5	16⅞	17.00
C. Itoh 5¼ 87	0¼	98½	98⅞	16/9	15.44	15.65
Co-operative Bk 6 86	0¼	98¼	98¾	15/5	15⅛	15.48
Den Norske Credit 6 90	‡0⅛	98⅛	98⅜	5/8	17.31	17.58
Genfinance 5¾ 87	0⅛	98⅛	98⅜	30/10	16.94	17.20
Giro und Bank 5¾ 91	‡0⅛	97⅛	97⅞	23/6	14.06	14.40
GZB 5½ 89	‡0⅛	98⅜	98⅜	1/8	17.31	17.58
Ind. Bank Japan 5⅛ 87	0⅛	98⅜	98⅞	15/10	17.06	17.30
Ind. Bank Japan 5¼ 88	0⅛	98⅜	98⅝	9/10	16.44	16.71
Lloyds Eurofin 8 90 £	0⅛	96⅜	97¼	3/7	14½	14.95
Lloyds Eurofin 5¼ 92	0⅛	98⅜	98⅞	4/6	17⅛	17.49
LTCB Japan 5¼ 86	0⅛	99⅜	100¼	13/6	20.19	20.19
Man. Hanov. O/S 5¾ 94	‡0⅛	98½	99	30/5	17	17.22
Merrill Lynch O/S 87	0⅛	99⅞	100⅜	7/8	20.44	20.41
Midland Int. Fin. 5⅝ 92	0⅛	98⅛	98⅜	6/6	17.19	17.45
Midland Int. Fin. 9 91	0⅛	97½	98	30/10	16.81	17.20
Nacional Fin. 6⅜ 88	0⅛	98⅜	99¼	25/7	17⅜	17.93
Nacional Fin. 5½ 88	0⅛	96⅝	97¼	25/9	14⅞	15.35
Nat. Bk. Canada 5⅛ 88	0⅛	96⅞	97⅜	24/9	14½	14.93
Nat. West. 5¼ 94	§0⅛	97⅛	97⅝	14/10	16.19	16.62
Nat. West. 5¼ 92	§0⅛	97⅜	97⅞	23/10	16.81	17.22
Pemex 6 91	0⅛	96⅝	97⅛	8/10	16.31	15.81
Sparebanken 6 87	0⅛	98⅞	99⅜	19/6	19⅞	20.05
Standard Chart. 5¼ 90	0⅛	98	98½	3/9	17.06	17.37
Svenska Hndlsbk. 5 97	0⅛	88⅞	89⅜	15/7	17.81	19.97

Average price changes.. On day +0½ on week −0⅜

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	96⅜	97⅜	+0⅛	27.30
Canon 6¾ 95	1/81	829	156½	157¾	+16⅜	11.70
Credit Suisse 4¾ 93	10/79	1236	89	91	+0⅛	−1.67
Digicon Fin. 8½ 96	10/81	29.5	114	115¾	−0⅛	0.55
Hanson O/S Fin. 9½ 96	8/81	2.74	81⅛	82⅞	+0⅛	4.96
Ina Overseas 8¾ 2000	4/81	42	100⅜	102⅛	−0⅛	1.38
Inchcape 8 95	2/81	4.55	90⅜	92⅛	−0⅛	1.93
Kotobukiya Co. 7 96	4/81	619	†95⅜	96⅜	−1½	−6.34
Marion Int. Fin. 9 95	12/80	16.5	83	84⅛	+0⅛	34.80
Matsushita El. 7½ 95	11/80	590	107½	108½	+0⅛	−1.56
MEPC 8¼ 96	2/81	2.47	95½	97	+0⅛	12.87
Nissho-Iwai Co. 8 96	10/80	398	†78	80	+3	1.53
Ricoh 6⅜ 95	8/80	604	126⅞	127⅞	+3½	1.33
Sumitomo M. Ind. 7 96	2/81	181	128	129	+7⅜	8.37
Swiss Bk. Con. 6¼ 90	9/80	200	74	76	−0⅛	18.81
Taylor Woodrow 8¾ 90	1/81	4.94	107	108¼	−0½	2.09
Tokyu Land Cpn. 7¾ 96	4/81	325	101½	102½	−0⅛	3.79
Transco Int. 8¾ 95	2/81	68	82⅛	83⅛	+0⅛	20.09
Tricorp 8½ 95	12/80	31.25	82⅛	83⅜	+0⅛	28.69
Union Bk. Switz. 5 93	2/80	70.79	74	76	−0½	5.02
Fujitsu 5 84 DM	7/79	431.6	192⅜	193⅜	+10⅜	3.49
Sharp Cpn. 6¾ 88 DM	9/80	595	145	146	−14⅜	−10.28
Uny Co. 6½ 85 DM	11/78	879.3	106⅜	107⅛	+0⅛	−2.02

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Companies and Markets

INTL. COMPANIES & FINANCE

Swiss banks rally round ailing watch group

By Our Financial Staff

SWITZERLAND'S major commercial banks are understood to have drafted a refinincing plan to aid the country's second largest watchmaking concern, SSIH of Geneva.

Swiss press reports have suggested that the rescue package for SSIH, whose main brands include Omega and Tissot, is estimated to require more than SwFr 300m ($150m).

SSIH shares have continued to fall, closing yesterday at SwFr 31 on the Zurich market, SwFr 12 lower than last Friday's close and less than one tenth of the 1980 high of SwFr 448.

Union Bank of Switzerland, which owns 21.2 per cent of SSIH, declinend comment on the rescue plan but said that participation of further creditors—in addition to the major banks—remains "open at this point."

"The extent of additional participation would affect the final form of the aid package." This will be made public on May 20.

An agreement between SSIH and the rival watchmaker, ASUAG, is understood to have been urged by a consortium of six banks which provided aid to SSIH last December.

Recovery at Kaufhof

By Our Financial Staff

KAUFHOF, the second largest department store group in Germany in which the Union Bank of Switzerland has a major shareholding, reports a substantial recovery in profits

Trading last year has allowed the group to increase net earnings to DM 50.6m ($22.4m) from DM 39m, for a gain of 29 per cent. In 1978 Kaufhof earned DM 55m while back in 1975 after tax profits were running as high as DM 91m.

The dividend is being maintained at DM 6 a share. Kaufhof controls something like 2 per cent of the German retail market.

AEG sees another difficult year despite reduced loss

BY KEVIN DONE IN FRANKFURT

AEG - TELEFUNKEN, West Germany's second largest electrical and electronics group, is still facing severe financial problems, despite the unprecedented rescue launched last year.

Herr Heinz Dürr, the chairman, has admitted that the company faces another difficult year in 1981. The parent company ran up a loss of DM 319.8m ($142m) last year, while the domestically consolidated AEG group reduced its loss to DM 278m from the huge deficit of DM 968m in 1979.

AEG has had to bite deep into reserves to balance last year's loss and it appears certain that it will sustain a further loss this year.

Last year the group succeeded in cutting trading losses to DM 237m from a deficit of DM 423m in 1979, but it badly miscalculated the scale of the continuing costs arising from far-reaching reorganisation and restructuring measures.

Originally assessed at DM 100m for 1980 compared with DM 545m in 1979, the restructuring moves last year cost AEG DM 278m.

The loss last year would have been much higher but for extraordinary profits of DM 237m realised through a series of measures including the sale of properties in West Berlin and Braunschweig and the sale of AEG's 83.4 per cent interest in Hartmann und Braun, the measuring and control equipment manufacturer.

The bulk of the restructuring costs were at Olympia, AEG's typewriter and office information equipment manufacturer, totalling DM 60m; at the household appliances sector, DM 45m; at power engineering and industrial systems, DM 65m; and at series production, DM 20m.

AEG's sales last year rose to DM 15.14bn, an increase of 6.6 per cent, but, after the sale of Hartmann und Braun, group turnover totalled DM 14.68bn. New orders rose by 6.7 per cent to DM 15.19bn (DM 14.7bn without Hartmann und Braun).

In the first quarter of 1981 AEG managed to boost its turnover worldwide by 9 per cent to DM 3.07bn, while the value of new orders rose by 6 per cent to DM 3.6bn. The main increases came in process plant, electrical equipment, telecommunications and office information machinery.

For the whole of 1981 Herr Dürr said AEG should achieve growth rates in new orders and sales similar to last year, with the main impulses coming from foreign markets.

AEG aims at expanding its interests in growth markets for high technology, while trying at least to consolidate its activities in the mature markets, such as household appliances and home entertainment electronics, where it has suffered some of its heaviest losses.

It has started to make productivity gains as a result of restructuring. The domestic workforce was cut by 8,400 last year to 108,400 by the end of 1980. A further 5,000 jobs are expected to go this year.

Workers accept cut in pensions

BY OUR FRANKFURT STAFF

THE AEG workforce has shown itself ready to make sacrifices in the long-term fight to save the company from financial collapse. It has agreed to accept a cut of no less than two-thirds in future pension rights.

The AEG company pension scheme (as is usual in West Germany it is contributed 100 per cent by the company), which dates from 1908, has long been recognised as one of the most generous in the country.

Because of continued losses on trading, pension arrangements have been placing intolerable strains on AEG's balance sheet where provision for retiring workers has already been reduced to 61 per cent of full cover. The company now plans a major revision of its future pension payments.

The sacrifice by the workforce will have a noticeable impact on AEG's results over the long term, and the profit and loss account will be relieved by as much as DM 300m up to 1990.

If AEG had been making the full pensions provisions in its balance sheet the new statute agreed by the workforce would have saved the company DM 3.4bn over the next decade.

The cut to a third of previous pensions rights has clearly been a difficult pill for the AEG workforce to swallow. So far it applies only to the parent company, but negotiations are underway with subsidiaries.

However, future company pension rights still bear comparison with other big German electrical groups—an indication of how far ahead AEG has been for the past 73 years.

ANZ in A$583m banking takeover

BY OUR SYDNEY CORRESPONDENT

THE AUSTRALIA and New Zealand Banking group has launched the biggest takeover bid in Australian corporate history. The Melbourne-based bank has followed up last week's announcement that it was engaged in merger proposals by announcing an A$583m (U.S.$670m) offer for the Commercial Bank of Australia.

The announcement of the bid follows the National Bank of Australasia's A$391m bid for the Commercial Bankine Company of Sydney last Friday. It also comes against a background of knowledge that the Bank of New South Wales—which vies with the ANZ for the position of the country's largest private sector bank—is examining its position, and the possibility of its launching a merger bid.

The merger moves have been sparked off by banks aiming to consolidate their positions ahead of the entry of foreign banks into the Australian market which is expected to follow the report of the Campbell Inquiry into the Australian Finance System this year.

If both current bids succeed, the number of private-sector trading banks in Australia will be reduced from five to three.

The attitude of the CBA *directors is not known*, although yesterday's proposal from the ANZ followed two weeks of intensive discussions between the banks, and it has been suggested here that the ANZ would not have made a firm proposal without some indication of success.

The ANZ has offered five of its own shares and A$4 cash for each four CBA shares, and two of its own shares plus A$3 cash for each of the CBA's preference shares.

The ANZ board revealed that it was seeking further discussion with the CBA board "with a view to early implementation of the necessary procedures to give effect to the merging of interest." The merging of the two groups would be to the advantage of shareholders, customers and staff of both banks, the ANZ directors said.

"It will result in a more broadly based bank to take advantage of the opportunities that will arise from future changes in the domestic economies of Australia and New Zealand

The CBA's response was, formally, that it had received the ANZ's proposal, would retain Potter Partners, the Melbourne stockbrokers, as consultants, and would advise stockholders further in due course.

The ANZ's bid of A$583m, at yesterday's closing price for ANZ shares of A$4.75 each, includes a cash component of just over A$84m.

● The Federal Treasurer, Mr. *Howard, yesterday said it was* unlikely that the Government would interfere with normal commercial deals such as bank mergers. There had been no formal application from any of the banks on the mooted merger

Earnings and sales advance at Outokumpu

By Lance Keyworth in Helsinki

OUTOKUMPU, the Finnish state-owned mining and metallurgical company, increased net sales by 20.2 per cent to FMk 2.69bn ($651m) in 1980. Net earnings after tax rose from FMk 10.1m to FMk 11.7m, and the company is paying a dividend of 8 cents on its prefered A shares.

Profitability was described by the company as "satisfactory," as was the financial situation. The debt total at the end of the year was FMk 1.83bn, while shareholders' equity was FMk 433.9m.

Because of the improved financing situation, it was possible to initiate a FMk 300m expansion project which will boost the output of semi-finished copper by almost 50 per cent by 1983 (output in 1980 was 50,300 tonnes).

For the company's engineering division, however, the result for the year was unsatisfactory, but orders were booked for FMk 560m, including ferrochrome smelters for Turkey and Greece and the planning and equipment for a ferrochrome smelter in the Philippines.

Outokumpu and the Finnish company Tampella together established in 1980 Brasmecanica in Brazil to manufacture *special equipment for the* mining and metal industries. It also took a 10 per cent interest in a copper-zinc mining venture in Canada, which is part of its drive to ensure raw material supplies.

Montedison seeks finance

BY JAMES BUXTON IN ROME

MONTEDISON, the Italian chemical company in which private sector concerns are to take over the controlling government shareholding, is to increase its capital by nearly three times through a rights issue.

The group announced a loss of L230.8bn ($205m) last year, on consolidated sales of L7,781bn, compared with a profit of L12bn in 1979.

Shareholders are to be asked to approve the raising of the company's capital from L355.8bn to L996.2bn by means of a nine-for-five rights issue. The capital increase will help reduce debts and enable Montedison to implement its recovery strategy, which forms a key part of the Government's plan for the whole troubled Italian chemical industry.

Yesterday Fiat formally confirmed that its major financial holding company, FIDIS, and other major private sector interests would be buying up the 16.6 per cent stake in Montedison by the state corporations, IRI and ENI, and the publicly-owned holding company, Sogam. This stake has given the Government a majority in the controlling syndicate of shareholders.

The other members of the consortium are Invest, the holding company of the Bonomi family; Pirelli and C., the Pirelli family holding company; SMI, the Orlando family's main company; and Mediobanca, the merchant bank which put together the whole complex operation, the consortium will buy up Montedison's majority stake in a small publicly-quoted financial company called Gemina, which will then become the vehicle for the consortium's stake in Montedison itself.

This operation is expected to take place before the capital increase, due to be put to shareholders on June 1, goes through.

Yesterday's shares in Montedison, which rose from L274 to L288 on news of the Government's decision to sell its stake, fell sharpuy to L264 ahead of the official company announcement.

Montedison attributes its return to the red—its 1979 profit was the first since 1974 — to unfavourable conditions in the chemical market including a progressive drop in demand in Italy.

Even so, the board believes that the company, which during the 1970s became a byword for the political, industrial and management problems of large-scale Italian concerns, is on the road to recovery.

Above all, it now has not only a coherent development strategy after years of financial rearguard actions but the active support of the Government for it. The cession by the state of its holding in Montedison will establish an Italian chemical industry with both a public sector role, based on ENI and a private sector role, centred on Montedison.

The crucial part of this restructuring will be the rationalisation of chemical production between the two roles. ENI and Montedison are believed to be close to an agreement on transferring certain lines of business from one to the other as part of the Government's chemical plan.

Montedison intends to increase its production of fine chemicals with higher added value from 20 to 30 per cent of turnover by 1985, at the expense of basic chemicals. To do this, it will sell or otherwise dispose of activities in some non-chemical and basic chemical fields and expects to produce a cash inflow of L80bn over the 1981-83 period.

It has also allocated L500bn for acquisitions and joint ventures in fine chemical operations, including fertilisers and pharmaceuticals, especially abroad, over the next three years.

But it will also invest L350bn over the 1981-83 period in those basic chemical operations in which it has a basic advantage

The outcome is expected to be a decrease in total sales by about 30 per cent by 1983, because of the reduction in production of basic chemicals. But the company expects the ratio of gross operating income to sales to rise from 12 to 14 per cent over the period.

Why Memec, a distributor of electronic components, is seeking a full London listing

The lure of high-technology glamour

THE CORPORATE finance departments of merchant bankers Charterhouse Japhet and brokers Scrimgeour, Kemp Gee are currently beavering away to produce an exciting new issue.

Memec (Memory and Electronic Components) is a rapidly growing distributor of electronic components, which in a few weeks time will join that slim band of four other quoted component distributors with a full listing in London.

Like others in this field, its main asset is people. Total net worth at the end of 1980 amounted to only £1½m, with £½m of that in cash. But because Memec can immediately be identified with the world of high technology, where the specialist distributors are expected to take an increasing share of a fast growing market, its sponsors hope it will join its rivals with a market price more than 20 times fully taxed earnings. With profits last year of around £1½m and further growth in prospect during 1981 Memec looks set to be given a market worth of at least £15m.

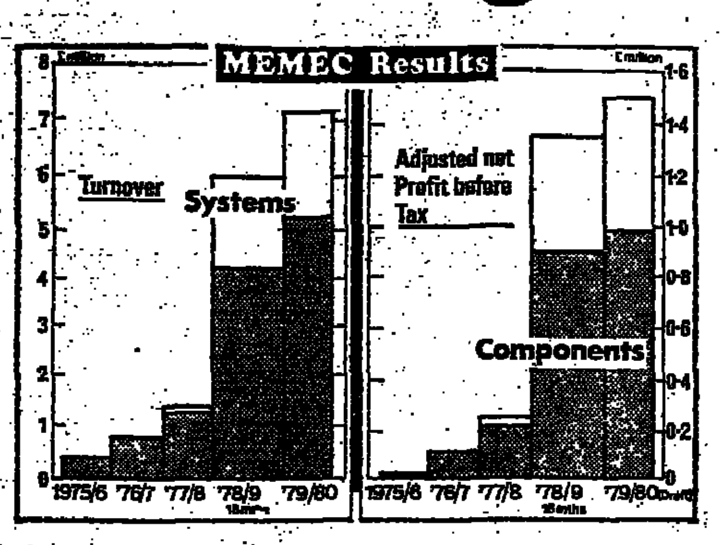
Though the issue is still nearly two months away, Memec could not have got its timing much better. The market as a whole is riding into high ground and more specifically the distributors' mini sector—comprising of Diploma, Electrocomponents, Farnell and Unitech—is back in favour having fallen from grace earlier in the year.

At the end of January Unitech put everyone's fears into words. Interim profits were higher but, the company warned, the full year could well be down. For a distributor a forecast of lower profits was Guinness Book of Records material.

Profit margins in the sector were suffering under the blows of the recession and a combination of stiff competition plus fast moving technology which was rapidly cutting the price of components. For example a Standard 16K memory cost £17 a year ago and £3.50 today.

For years, electronic component distributors enjoyed rapid and uninterrupted growth and when it looked as if profits in 1981 could go into reverse share prices reacted sharply. But now the distributors are beginning to talk with a bit more confidence and 1981 may not prove as bad as they had feared earlier. This change of mood has filtered through to the stock market, where prices have regained their glamour.

Memec was started in 1974 by three men, Dick Skipworth, Ed Sturmer and Werner Stolz. Skipworth and Stolz had met years before when the former was European marketing director of Transitron, a U.S. electronics company, and Stolz was Transitron's Swiss agent. Stolz, who has his own business in Switzerland, acted as the father figure in Memec's early days and provided the much needed finance to get Skipworth and Sturmer going on their own.



● Above: Memec's systems trading began in December, 1977; the year 1978-79 covers an 18-month period.

● Right: Mr. Ed Sturmer (left) and Mr. Dick Skipworth.

They started with one franchise, selling Harris Semiconductor products. Harris was a market leader in the production of programmable read only memories (PROM).

According to Dick Skipworth: "After selling Harris components we were surprised by the number of customers we had for what was a very new product. There were around 200 to 250 active customers. We then started to look for other products to sell alongside." Complementary franchises were added including EMM-SEMI (now GTE Microelectronics) a technological leader in static RAMs (random access memories).

So at the end of the first year Memec had established itself with franchises for two technological leaders.

From then until the end of 1977 the company developed along the lines of adding new franchises, reinvesting profits and gradually adding more staff. Its customers for components currently number 1,800 including companies such as Racal, Plessey, GEC and Ferranti. Memec estimates it has around 6 per cent of the market.

The use of the distributor network is vital to manufacturers. This is particularly so in the case of overseas suppliers which provide much of the high technology components for the UK. In Memec's case all its franchises have foreign parentage.

Memec tackles the task by selling its components through one brochure covering all the franchises. The sales force is small but each salesman is expected to visit his top 20 customers at least twice a month while the smaller customers must be visited no less than every couple of months.

Early in 1978 Memec split off an operation—Thame Systems—which sells complete systems rather than just components. The first franchise for the systems business was Zilog (an affiliate of Exxon). As with components, the electronic manufacturers are major customers but the systems business opens up a much wider market. Memec can get its foot in the door of the software systems houses and large computer users such as the banks and civil service. Long term, the expansion of computer controlled manufacturing operations within industry will offer considerable potential for fresh customers.

Today Memec is divided into three main operating arms—Thame Components, Thame Systems and Ambar.

Ambar is a similar operation to Thame Components but has recently been established to devote its efforts to Japanese components. So far it has the Fujitsu franchise. According to Stuart Kitchener, who runs Ambar, the Japanese have caught up with the American manufacturers in terms of quality and reliability and in time they could dominate the market.

Memec has grown rapidly from a business with sales of less than £½m and profits around £20,000 in 1976 to a company making £1½m pre-tax on sales of around £7m in 1980. The systems business already contributes about a third of profits.

Despite the pressures which have developed on distributors this year it would be surprising if Memec is not shooting for further growth when it launches itself in June. Its component distribution operation will have felt the pinch earlier in the year but the systems business is evidently far more insulated from the effects of recession and competition.

Is there anything which makes Memec so different from other component distributors? Not surprisingly Dick Skipworth and Ed Sturmer think they have something to put them apart. Their belief is that Memec should stick rigidly to supplying the latest high technology products almost to the exclusion of all else.

"The key," Dick Skipworth says "is identifying new manufacturers which are producing the right high technology. We go prospecting for new companies by regular trips to the States."

Memec will only pick the products it wants to sell and will not stock manufacturers' full lines. In this way the company tries to avoid "commodity" components where the competition is at its stiffest and sales are made on price rather than any technological advantage. But an ambition to go for high margin components is not exclusive to Memec.

Occasionally the company has been stuck holding stock where the market price has fallen to the point where they can only be sold at a loss. Market protection clauses with the manufacturers can offset some losses but Memec does not go back to the manufacturer every time. It has to take some punches and sometimes will clear out lines of stock like a rag-trade sale.

The company's future success rests on the ability of its leading men to spot the right manufacturer with the right product at the right price. Also to stay ahead of the competition those manufacturers must continue to keep a technological lead otherwise Memec will be left with franchises offering run-of-the-mill commodity products at low margins.

Unwavering in his confidence Dick Skipworth believes: "Even if the product does come down to the commodity stage we will still be the first through the customer's door with the next high technology product."

Why do the directors want to go public? They have managed so far without as much as a bank loan.

Going public obviously allows the directors to raise some capital out of the business they have created. At present Mr. Skipworth owns 55 per cent of Memec, Mr. Sturmer 17 per cent and Mr. Stolz 22 per cent. Overall some 35 per cent of the equity will be sold off including some new shares to raise money for the company. So far the directors are not putting a figure on how much cash they want the issue to inject into Memec but it is the overriding motive in going public.

Dick Skipworth says: "The markets we are operating in have high growth potential and we want to grow a little bit faster than the market. Around the middle of last year we realised we could not do that on a self-financing basis. There will be some point in the next year to 18 months when the market will turn up very rapidly and we will need the money to invest in new stock." He could foresee a position where Memec will need an extra £1m to inject into working capital.

Though Memec had £½m or so in cash in the last accounts half of that will be needed to cover the cost of a new building for Thame Components.

Also Memec's directors have ambitions to use their paper for acquisitions. According to Mr. Skipworth: "We have to get something going in Europe, perhaps in Germany. The component market there is twice the size of the UK."

There is still plenty of potential in the UK, meanwhile. Currently the distributors have around 25 per cent of the component market; four years ago the figure was 18 per cent and analysts see no reason why the UK should not follow the U.S. pattern where the specialist distributors have taken 35 per cent of the market.

As a final shot Dick Skipworth promises: "Growth will be at the fastest rate possible." All Charterhouse and Scrimgeour, Kemp Gee have to do is get the price right.

Terry Garrett

Pressure on finances may force more Ogem sales

BY CHARLES BATCHELOR IN AMSTERDAM

OGEM, the Dutch trading, industrial and construction group, may be forced to carry out a more drastic reorganisation of its activities than originally planned because of pressure on its finances.

The company's liable assets are probably insufficient to maintain in the existing extent and spread of its activities, the directors warn in the annual report. Apart from the selling off of non-strategic interests worth about Fl 400m ($160m) already announced, other parts of the concern may have to be disposed of.

Ogem sold off assets worth Fl 133m in 1980, slightly less than its target of Fl 150m, and hopes to dispose of a further Fl 150m this year. Higher interest rates are acting as a deterrent to buyers, however.

Ogem's operating result is expected to improve this year though the company will still make a loss at the net level. It made an operating profit of Fl 43m in 1980 though restructuring costs and losses on a number of property developments led to a net loss of Fl 119m.

The recovery of profitability will depend to a large extent on the speed at which inessential assets are sold off, Ogem said. The company was able to make only a modest start in 1980 to its programme of selling off its property interests. It sold only Fl 5m worth of projects while the remainder have been reduced to liquidation value on the books. A further decline of the property market or a forced sale could mean extra provisions would have to be made.

Shareholders' equity fell to Fl 182m from Fl 291m last year, though the granting of a Fl 50m subordinated loan (with an optional extra Fl 25m tranche) by the National Investment Bank increased liable capital to Fl 302m. Bank borrowing rose to Fl 610m from Fl 364m while Ogem revealed that it has mortgaged all its property in the Netherlands and signed over rights to receivable items to its bankers.

Ogem expects that its wholesaling, electrical engineering, tool-making and industrial divisions will maintain earnings levels in 1981 while a slight improvement is expected for construction and international technical trading.

Ogem's core activities made an operating profit of Fl 66.9m in 1980 (Fl 70.3m in 1979) while overseas property and construction made a loss of Fl 4.3m (Fl 14.3m profit) and other activities, including water and electricity companies, made a loss of Fl 12.4m (Fl 2.7m profit).

Record year for Casio Computer

By Yoko Shibata in Tokyo

RECORD EARNINGS and sales are reported by Casio Computer, Japan's largest maker of electronic calculators and a pioneer in digital watches, for the fiscal year ended March 20, 1981.

Operating profits surged to Y 10.61 bn ($49.3m), up 23.7 per cent over the previous year. Net profits gained by 20.9 per cent to reach Y4.63bn on sales of Y157.01bn, up 51.5 per cent over the previous year. Per share profits were Y47.54, against Y50.96 a year earlier.

Casio's strong turnover was mostly attributed to vigorous exports. Despite the yen's appreciation, exports gained 74 per cent to account for 67 per cent of total turnover. The company enjoyed full effects of the tie-up with K mart of the U.S. in mass marketing low-priced watches. Volume sales of digital watches, including domestic sales and exports, doubled to 15m sets.

Digital watch sales in value went up by 111 per cent to account for 37.4 per cent of the total turnover.

Following the rapid expansion of export, exchange losses caused by the yen's appreciation and overseas sales costs increased considerably. This resulted in the failure to achieve the original aggressive target of operating profits.

The company has completed its capital investment programme for expanding capacity. As a result, capital investment for the current year is envisaged at Y4.5bn. This will be financed by its internal reserves.

Full year operating profits are projected at Y11bn, up 3.6 per cent, and net profits at Y5bn up 8 per cent.

TANKER VALUES FALL SHARPLY

Rekster seeks deal with creditors

BY FAY GJESTER IN OSLO

NORWAY'S troubled Reksten tanker group, which incurred a loss of about NKr 297m ($53m) last year, is seeking to renegotiate with its creditors and the State-backed Norwegian Guarantee Institute a loan agreement struck in 1978.

Reksten's major creditors include Hambros Bank of the UK and the Norwegian shipbuilding concern, Aker.

The agreement provided Reksten with a $161.5m loan ($100m of which was used to repay old loans), but stipulated that Reksten companies—Trajan and Hadrian—should pay interest on the debt from January 1 next year with repayment of capital starting not later than January 1, 1984. The Reksten management now says it is unlikely to be able to comply with these terms.

The 12 ageing super tankers in the Reksten fleet lost almost half their market value during 1980, falling to a total of about NKr 660m at end-December, from about NKr 1.18bn a year earlier. At end December, debt on the 12 ships totalled NKr 1.99bn.

Last year's losses, which increased the group's negative equity to NKr 1.27bn included an operating loss of NKr 152.4m and interest costs totalling NKr 240m, partly offset by a NKr 36.2m profit from the sale of a gas tanker.

The Reksten group's chances of securing a revised agreement with its creditors and the Institue may be influenced by the recent discovery that its former head, the late Hilmar Reksten, had assets worth at least $40m in overseas companies. The Institute guarantees on Reksten loans were granted on the assumption that the ship owner had no foreign assets.

A Ministry of Shipping annual report to the Storting (Parliament) on the Institute's activities, tabled at the weekend, says that a forthcoming report by Reksten's executive is expected to provide "significant information" that could affect any future decision on loan guarantees.

A recent report by the Institute to the Ministry estimated that if creditors insisted on immediate settlement of Reksten debts, the Institute stood to lose about NKr 666m on loan guarantees of NKr 870m.

The whole affair is a serious embarrassment both to the Government which originally approved the creation of the Institute, and to large segments of the shipping and banking world which applauded the move and claimed it would "save" valuable tanker tonnage that would otherwise have to be sold abroad at cut-rate prices.

Many tankers thus "saved" for Norway are now virtually unsaleable, except for scrap. It seems likely that the Institute will have to make good with taxpayers' money a number of the 25 tanker loans it has guaranteed.

Upgraded profit forecast from Sumitomo Metal

TOKYO — Sumitomo Metal Industries, the Japanese steelmaker, expects to report more than Y90bn ($419m) in profits before tax and special items on Y1,300bn ($6bn) sales, for its business year ended last March, Mr. Yoshifumi Kumagai, the president said here. Sumitomo is to announce its results on May 29.

The company initially predicted profits of Y80bn before tax and special items, on sales of Y1,300bn, compared with profits of Y78.91bn on sales of Y1,220bn for the preceeding year.

Mr. Kumagai said that the upward revision resulted from price increases in seamless steel pipes and rationalisation, but he did not analyse further the predictions on the results.

Steel production costs would rise by Y4.000 per tonne in the first half of the business year to September and the margin of increase would be Y6,000 in the second half, because of rising prices of coal and iron ore and increased labour costs, he said.

The increasing costs meant that the company's performance would be worse in the current first-half than in the previous half year period.

Other steelmakers would also make little profit on domestic sales for the same reasons, but Japanese steelmakers' business would be helped by export sales, Mr. Kumagai said.

Japanese steelmakers were investing in the expansion of seamless pipe production facilities and Japan's total output capacity of the pipe would rise by 30 per cent, from the present 4m tonnes a year, between 1983 and 1985.

Reuter

Century Spinning plans to diversify into shipping

BY R. C. MURTHY IN BOMBAY

CENTURY SPINNING and Manufacturing, a Birla company, is to make investments of Rs 1.2bn ($150m) over the next five years. Century proposes to diversify into shipping, says Mr. S. K. Birla, the director who presided over Century's annual general meeting.

The 84-year-old Century, which is regarded in the stock market as a blue chip, and as the market leader, proposes to acquire initially two ships of 25,000 dwt, each costing Rs 220m. Eventually, investment in shipping is to rise to Rs 800m.

Century will also invest Rs 450m in a paper and pulp project to be set up in the northern state of Uttar Pradesh. It is setting up a Rs 600m cement plant in the Western state of Maharashtra. All the funds for expansion and diversification will be met from internal resources.

The expansion plans of Century were affected in recent years by a hostile government attitude to big business houses, defined in terms of investment of Rs 200m. The policy has now been changed, allowing these houses to diversify into industries considered essential to the nation, such as cement, and shipping.

The outlook for 1981, says Mr. Birla, is mixed for the company. The off-take in the tyrecord division is better in the first three months of 1981. In the rayon division, costs have risen, but sales are better than last year.

The pre-tax profit of Century for 1980 (the calendar year) rose 3 per cent to Rs 276.35m from Rs 268.27m in 1979. Sales turnover was up 15 per cent to Rs 1.53bn from Rs 1.33bn.

Foreign trade in Japanese stocks at peak

TOKYO—Foreign sales and purchases of Japanese stocks in April rose to record levels, against a background of gains by the Japanese stock market and the continued inflow of oil dollars, Tokyo Stock Exchange figures show.

Foreign purchases in April rose 57.3 per cent to a record Y565.8bn ($2.6bn), from the previous high of Y359.7bn in March, while foreign sales rose 58.5 per cent to a record Y425bn, from the March figure of Y268.1bn.

The stock exchange attributes the foreign business to an increased inflow of dollars associated with oil production, and to Western pension funds being attracted by Japan's economic outlook.

The Tokyo stock market average has risen to record levels since the beginning of this year, reaching a high of 7,674.19 on April 30, though it stood at 7,551.19 yesterday, a gain of 3.58, against the background of profit-taking and the rise in U.S. interest rates.

Net foreign purchases of Japanese stocks in April totalled Y140.8bn, which is the third biggest amount on record, bringing net purchases in the first four months of this year to Y412.4bn.

Reuter

Schering pays more on higher sales and earnings

BY LESLIE COLITT IN BERLIN

SCHERING, THE Berlin-based pharmaceuticals and chemicals company, reports profits for 1980 of DM 52.8m ($23.5m), up DM 7.6m from 1979. Sales rose by 19.5 per cent to DM 3.2bn.

The company is to pay a dividend, plus bonus of DM 10.50 a share against DM 9 a share last year. The improved profitability results partly from the first-time inclusion of the recently acquired Ascbe.

Schering noted that so far this year, there has been an "encouraging" increase in sales of all divisions, exept electroplating. The strongest growth was in exports and the company predicted the positive sales trend would continue throughout the year.

In recent years Schering has carried out a string of U.S. acquisitions. It is now seeking an American producer of agrochemicals. The German company has invested heavily in the U.S. but says it does not expect profits for several years.

Schering's plan to continue expansion on the American market has been underscored by the appointment to the executive board of Dr. Klaus Pohle, who previously managed BASF subsidiaries in the U.S. and Brazil.

Herr Pohle is to succeed Herr Karl Otto Mittelstenscheid.

OEU to buy 15% stake in Boustead

By Georgie Lee in Singapore

OVERSEAS UNION Enterprise (OUE), owner of the select Mandarin Hotel in Singapore, is to acquire a 15 per cent stake in Boustead Limited of the UK. OUE said that it had entered into an agreement with a private company in Hong Kong—Hendon Green—to acquire 5.02m shares in Boustead in exchange for 3.35m new shares of S$1 par value each in OUE.

OUE disclosed that the consideration was based on the last transacted prices of the shares on May 7. On that date, OUE was last traded at S$11.70 a share, while Boustead was traded at around 177p.

Boustead holds a 57 per cent interest in Boustead Company Singapore and is involved in the import and export of consumer and industrial products, engineering, shipping and commodity broking in the UK, Singapore, Australia and New Zealand.

OUE said that the acquisition was intended to be a long term investment.

CURRENCIES, MONEY and GOLD

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on May 11, 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchang certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE	LOCAL UNIT	VALUE OF £ STERLING
Afghanistan	Afghani	112.50
Albania	Lek	10.05
Algeria	Dinar	8.8230
Andorra	French Franc	11.565
	Spanish Peseta	191.65
Angola	Kwanza	(CM) 66.23 (T) 68.55
Antigua (S)	E. Caribbean $	5.70
Argentina	Ar. Peso Free Rate	6,741.0
Australia (S)	Australian $	1.8410
Austria	Schilling	33.875
Azores	Portugu'se Escudo	126.80
Bahamas (S)	Ba. Dollar	2.1020
Bahrain (S)	Dinar	0.795
Balearic Isles	Spa. Peseta	191.65
Bangladesh (S)	Taka	37.35
Barbados (S)	Babados $††	4.2040
Belgium	B. Franc	(cm) 78.50 (fn) 80.75
Belize	B $	4.2040
Benin	C.F.A. Franc	578.25
Bermuda (S)	Bda $	2.1020
Bhutan	Indian Rupee	17.48
Bolivia	Bolivian Peso	51.65
Botswana (S)	Pula	1.7125
Brazil	Cruzeiro ‡‡	174.57
Brit. Virgin Isles (S)	U.S. $	2.1020
Brunei (S)	Brunei $	4.5150
Bulgaria	Lev	1.9790
Burma	Kyat	14.00
Burundi	Burundi Franc	192.97
Cameroon Republic	C.F.A. Franc	578.25
Canada	Canadian $	2.5245
Canary Islands	Spanish Peseta	191.65
Cape Verde Isle	Cape V. Escudo	76.75
Cayman Islands (S)	Cay. Is. $	1.7515
Cent. Af. Repub.	C.F.A. Franc	578.25
Chad	C.F.A. Franc	578.25
Chile	C. Peso	(Bk) 82.29
China	Renminbi Yuan	3.6269
Colombia	C. Peso	(F) 111.70
Comoro Islands	C.F.A. Franc	578.25
Congo (Brazaville)	C.F.A. Franc	578.25
Costa Rica	Colon	35.10
Cuba	Cuban Peso	1.5410
Cyprus (S)	Cyprus £	0.8745
Czechoslovakia	Koruna	(com) 12.65 n/c 22.03 (T) 21.35
Denmark	Danish Krone	15.09
Djibouti	Fr.	360 (sg)
Dominica (S)	E. Caribbean $	5.70
Dominican Repub.	Dominican Peso	2.1020
Ecuador	Sucre	(O) 52.69 (F) 63.66
Egypt	Egyptian £	(U) 1.48
Equatorial Guinea	Ekuele	383.3
Ethiopia	Ethiopian Birr	(P) 4.3250
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	15.09
Fiji Islands	Fiji $	1.7735
Finland	Markka	9.03
France	French Franc	11.565
French C'tyin Af*	C.F.A. Franc	578.25
French Guiana	Local Franc	11.565
French Pacific Is.	C.F.P. Franc	197 (Sg)
Gabon	C.F.A. Franc	578.25
Gambia (S)	Dalasi	3.98
Germany (East)	Ostmark	4.80
Germany (West)	Deutsche Mark	4.80
Ghana (S)	Cedi	5.88
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	116.671
Greenland	Danish Kroner	15.09
Grenada (S)	E. Caribbean $	5.70
Guadaloupe	Local Franc	11.565
Guam	U.S. $	2.1020
Guatemala	Quetzal	2.1020
Guinea Republic	Syli	43.80
Guinea Bissau	Peso	78.00
Guyana (S)	Guyanese $	5.3600
Haiti	Gourd	10.51
Honduras Repub.	Lempira	4.24
Hong Kong (S)	H.K. $	11.4325
Hungary	Forint	(com) 73.6195 (T)(nc) 65.3814
Iceland (S)	I. Krona	14.323(§)
India (S)	Ind. Rupee	17.48
Indonesia	Rupiah	1,325.30
Iran	Rial	164.10 (sg)
Iraq	Iraq Dinar	0.62675
Irish Republic (k)	Irish £	1.31175
Israel	Shekel	21.0
Italy	Lira	2,383.0
Ivory Coast	C.F.A. Franc	578.25
Jamaica (S)	Jamaica Dollar	3.7487
Japan	Yen	458.0
Jordan (S)	Jordan Dinar	0.691 (sg)
Kampuchea	Riel	2,522.4
Kenya (S)	Kenya Shilling	17.97
Kiribati	Australian $	1.8410
Korea (Nth)	Won	2.06 (||)
Korea (Sth)	Won	1,433.95
Kuwait	Kuwait Dinar	0.584
Laos	New Kip	21.02
Lebanon	Lebanese £	8.7930
Lesotho	Loti	1.7525
Liberia	Liberian $	2.1020
Libya	Libyan Dinar	0.6220
Liechtenstein	Swiss Franc	4.365
Luxembourg	Lux Franc	78.50
Macao	Pataca	11.75
Madeira	Portug'se Escudo	126.80
Malagasy Republic	MG Franc	578.25
Malawi (S)	Kwacha	1.8780
Malaysia (S)	Ringgit	4.9025
Maldive Islands (	Mal Rupee	8.30
Mali Republic	Mali Franc	1,156.5
Malta (S)	Maltese £	0.799
Martinique	Local Franc	11.565
Mauritania	Ouguiya ‡	113.15
Mauritius (S)	M. Rupee	17.75
Mexico	Mexican Peso	50.68
Miquelon	C.F.A. Franc	578.25
Monaco	French Franc	11.565
Mongolia	Tugrik	(o) 6.86 (||)
Montserrat	E. Caribbean $	5.70
Morocco	Dirham	10.78
Mozambique	Metical	59.35
Nauru	Australian Dollar	1.8410
Nepal	Nepalese Rupee	25.30
Netherlands	Guilder	5.3425
Netherland Antilles	Antillian Guilder	3.7625
New Zealand (S)	N. Z. Dollar	2.3685
Nicaragua	Cordoba	21.10
Niger Republic	C. F. A. Franc	578.25
Nigeria (S)	Naira	1.267479 (sg)
Norway	Norway Krone	11.8525
Oman Sul'ate of (S)	Rial Omani	0.728
Pakistan	Pakistan Rupee	20.73
Panama	Balboa	2.1020
Papua N. Guinea (S)	Kina	1.4150
Paraguay	Guarani	265.86
Peru	Sol	exc (A) 854.46
Philippines	Philippine Peso	16.15
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.3685
Poland	Zloty	(Cm) 71.92 (T) 71.92
Portugal	Portugu'se Escudo	126.80
Puerto Rico	U.S. $	2.1020
Qatar (S)	Qatar Ryal	7.76
Reunion Ile de la	French Franc	11.565
Romania	Leu	(Cm) 9.71 (n/c) 23.90
Rwanda	Rwanda Franc	202.25
St. Christopher (S)	E. Caribbean $	5.70
St. Helena	St. Helena £	1.0
S. Lucia	E. Caribbean $	5.70
St. Pierre	Local Franc	11.565
S. Vincent (S)	E. Caribbean $	5.70
Salvador El	Colon	5.28
Samoa American	U.S. $	2.1020
San Marino	Italian Lira	2,383.0
Sao T'oe & Principe	Dobra	80.25
Saudi Arabia	Ryal	7.09
Senegal	C.F.A. Franc	578.25
Seychelles	S. Rupee	12.73 (sg)
Sierra Leone (S)	Leone	2.4305
Singapore (S)	Singapore $	4.5150
Solomon Islands (S)	Solomon Is. $	1.8410
Somali Republic	Somali Shilling	(A) 13.25
South Africa (S)	Rand	1.7525
South West African Territories (S)	S. A. Rand	1.7525
Spain	Peseta	191.65
Spanish ports in North Africa	Peseta	191.65
Sri Lanka (S)	S. L. Rupee	38.72
Sudan Republic	Sudan £ (1)	1.05
Sudan Republic	Sudan £ (2)	1.68
Surinam	S. Guilder	3.7625
Swaziland (S)	Lilangeni	1.7525
Sweden	S. Krona	10.225
Switzerland	Swiss Franc	4.365
Syria	Syria £	(A) 8.25
Taiwan	New Taiwan $	75.67
Tanzania (S)	Tan. Shilling	17.30
Thailand	Baht	43.40
Togo Republic	C.F.A. Franc	578.25
Tonga Islands (S)	Ha'anga	1.8410
Trinidad (S)	Trinidad & Tob. $	5.0448
Tunisia	Tunisian Dinar	1.0465 (sg)
Turkey	Turkish Lira	213.27
Turks & Caicos	U.S. $	2.1020
Tuvalu	Australian $	1.8410
Uganda (S)	Uganda Shilling	17.97
United States	U.S. Dollar	2.1020
Uruguay	Uruguay Peso	(cm) 22.25 (fn) 22.21
Utd. Arab Emirates	U.A.E. Dirham	7.74
U.S.S.R.	Rouble	1.5445
Upper Volta	C.F.A. Franc	578.25
Vanuatu	Vatu	178 (sg)
	Aust. Dollar	1.8410
Vatican	Italian Lire	2,3830
Venezuela	Bolivar	9.05
Vietnam	Dong	(O) 4.5930 (T) 5.04 (||)
Virgin Islands U.S.	U.S. Dollar	2.1021
Western Samoa	S. Samoan Tala	2.1675
Yemen (Nth)	Ryal	9.53 (sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.7195
Yugoslavia	New Y Dinar	72.4738
Zaire Republic	Zaire	6.776123
Zambia	Kwacha	1.825
Zimbabwe	Zimbabwe $	1.4075

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 88.30. **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (||) Based on gross rates against Russian rouble. (1) Official rates for government transactions and specified exports and imports. (2) Parallel rate for non-government transactions and non-specified exports and imports. § One new Krona=100 old Kronur.

French franc weak

The French franc fell sharply in currency markets yesterday following a swing to the left in the Presidential election. It was fixed in Paris at its lowest permitted level against the D-mark and sank to the bottom of the European Monetary System despite support action by the Bank of France.

Dollar sentiment improved as the weakness of the franc offset last Friday's fall in U.S. money supply figures. The U.S. unit was also underpinned by higher prime rates with Chase Manhattan increasing its rate to 19½ per cent from 19 per cent, followed by other U.S. banks.

Sterling improved against European currencies in line with the dollar but lost ground in terms of the U.S. unit, remaining on the sidelines for most of the day.

The weakness of the French franc tended to drag down EMS currencies against the dollar. The lira fell to a record low in dollar terms while the French franc was placed outside its divergence limit. The latter represents an alarm bell limit and is calculated as being 75 per cent of a currency's maximum divergence spread from central rates. The D-mark remained the firmest currency followed by the Dutch guilder.

DOLLAR — trade weighted index (Bank of England) rose from 104.6 to 105.5. The dollar rose to a ten year high against the French franc, closing at FFr 5.5025 from FFr 5.3375 on Friday. It was also at its best level since October 1977 against the D-mark at DM 2.2830 compared with DM 2.2530 previously. Euro-dollar rates finished slightly easier on balance, having recovered from lower levels seen during the morning. The Japanese yen was marginally weaker with the dollar closing at Y217.85 aagainst Y217.50.

STERLING—trade weighted index (Bank of England) rose to 99.3 from 98.9, having stood at 99.1 at noon and 99.2 in the morning. Sterling was firm against European currencies, closing at FFr 11.5650 against the French franc from FFr 11.2925 on Friday and DM 4.80 from DM 4.77 in terms of the D-mark. Against the dollar it touched a best level of $2.1140 but came back on dollar strength to a low of $2.1000 before recovering at the close to $2.1015-2.1025, a fall of 1.45c.

D-MARK—Strongest member of the European Monetary System but weaker against the dollar as a result of rising U.S. interest rates. The special lombard facility remains at 12 per cent although a rise in interest rates elsewhere is putting increased pressure on the authorities to push domestic rates higher still — The D-mark was stronger overall within the EMS yesterday, reflecting the sharp fall in the value of the French franc. The latter was fixed at DM 41.5900 per FFr 100 compared with DM 42.18 on Friday and a floor level of DM 41.505. Elsewhere the D-mark lost ground. The dollar rose to DM 2.2710 from DM 2.2513 and sterling was higher at DM 4.79 compared with DM 4.7650

FRENCH FRANC — Showing initial weakness within the EMS and against the dollar after the Socialist win in the Presidential election. The franc is currently the weakest member of the EMS but any speculative run on the French currency is likely to be strongly countered with official intervention both in the foreign exchange market and domestic money market — The French franc was fixed at its lowest permitted level against the D-mark in Paris yesterday. The D-mark rose to a record FFr 2.4093 compared with FFr 2.3670 on Friday night although the Bank of France was lending support to the franc from time to time. Trading remained at a fairly low level however with much of the market adopting a cautious attitude until the implications of Sunday's election become clear.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.4666	+1.64	+1.32	±1.5361
Danish Krone	7.91917	7.97074	+0.65	+0.33	±1.6413
German D-Mark	2.54502	2.53432	−0.42	−0.74	±1.1386
French Franc	5.99526	6.10000	+1.75	+1.43	±1.3638
Dutch Guilder	2.81318	2.81839	+0.19	−0.13	±1.5159
Irish Punt	0.685145	0.692857	+1.13	+0.81	±1.6688
Italian Lira	1262.92	1263.81	+0.07	+0.07	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

May 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1000-2.1140	2.1015-2.1025	1.35-1.45c dis	−7.99	3.70-3.80dis	−7.14
Canada	2.5220-2.5360	2.5240-2.5250	1.40-1.50c dis	−6.89	4.10-4.25dis	−6.62
Nethlnd.	5.30½-5.35½	5.33½-5.34½	¼c pm-¼c dis	0.56	½ pm-par	0.37
Belgium	78.00-78.80	78.45-78.55	43-53c dis	−7.34	125-140 dis	−6.75
Denmark	15.04-15.12	15.08½-15.09½	4½-6½ore dis	−4.13	11-13 dis	−3.18
Ireland	1.3060-1.3160	1.3110-1.3125	0.23-0.32p dis	−2.74	0.94-1.09dis	−3.10
W. Ger.	4.77-4.82	4.79½-4.80½	par-½pf dis	−1.25	¾-½ dis	−0.52
Portugal	126.20-127.50	126.70-126.90	65-125c dis	−8.52	155-330 dis	−7.65
Spain	190.80-192.10	191.55-191.75	120-150c dis	−8.46	355-400 dis	−7.88
Italy	2,381-2,392	2,382-2,384	20½-22½lire dis	−10.83	54½-57½ dis	−9.35
Norway	11.82-11.89	11.84½-11.85½	1ore pm-½ dis	−0.25	½ pm-1 dis	−0.04
France	11.48-11.58	11.56-11.57	3½-5½c dis	−4.41	10½-13½ dis	−4.24
Sweden	10.21-10.28	10.22-10.23	3½-4½ore dis	−4.25	8½-9½ dis	3.62
Japan	455-462	457½-458½	2.60-1.35y pm	5.96	5.95-5.25 pm	4.89
Austria	33.80-34.00	33.85-33.90	2gro pm-3 dis	−0.18	3 pm-7 dis	−0.24
Switz.	4.35-4.39	4.36-4.37	1½-½c pm	2.75	3½-2½ pm	2.52

Belgian rate is for convertible francs. Financial franc 80.70-80.80. Six-month forward dollar 6.55-6.85c dis. 12-month 9.80-10.00c dis.

THE DOLLAR SPOT AND FORWARD

May 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1000-2.1140	2.1015-2.1025	1.35-1.45c dis	−7.99	3.70-3.80dis	−7.14
Ireland†	1.6020-1.6115	1.6020-1.6040	0.64-0.74c dis	−5.16	1.57-1.67dis	−4.04
Canada	1.1993-1.2010	1.2007-1.2010	0.13-0.10c pm	1.15	0.12-0.07 pm	0.32
Nethlnd.	2.5185-2.5410	2.5380-2.5410	1.87-1.77c pm	8.64	4.80-4.70 pm	7.51
Belgium	37.12-37.36	37.34-37.36	4-2c pm	0.96	9-5 pm	0.75
Denmark	7.1360-7.1755	7.1700-7.1725	2.65-2.15ore pm	4.02	7.10-6.60 pm	3.82
W. Ger.	2.2650-2.2880	2.2825-2.2835	1.40-1.34pf pm	7.20	3.68-3.62 pm	6.39
Portugal	60.10-60.50	60.30-60.50	15c pm-20 dis	−0.50	40 pm-40 dis	—
Spain	90.70-91.20	90.85-90.95	10c pm-5 dis	0.33	par-20 dis	−0.44
Italy	1,131-1,135	1,132-1,133	2½-3½lire dis	−3.17	5-7 dis	−2.12
Norway	5.6150-5.6450	5.6360-5.6380	4-3½ore pm	7.98	10½-9½ pm	7.01
France	5.4600-5.5050	5.5000-5.5050	1¼-¼c pm	1.64	3½-2 pm	2.00
Sweden	4.8575-4.8685	4.8620-4.8640	1.30-1.10ore pm	2.98	3.90-3.70 pm	3.12
Japan	217.50-218.40	217.80-217.90	2.50-2.35y pm	13.36	6.40-6.25 pm	11.61
Austria	16.02½-16.12½	16.11½-16.12½	11.10-9.60gro pm	7.70	29-25 pm	6.70
Switz	2.0635-2.0850	2.0755-2.0765	1.85-1.75c pm	10.40	5.00-4.90 pm	9.53

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

May 11	Bank of England Index	Morgan Guaranty Changes%
Sterling	99.3	−26.6
U.S. dollar	105.5	−0.2
Canadian dollar	86.7	−17.8
Austrian schilling	113.2	+22.6
Belgian franc	106.6	+9.6
Danish kroner	87.0	−11.4
Deutsche mark	118.4	+39.1
Swiss franc	131.7	+74.3
Guilder	109.6	+14.6
French franc	83.8	−12.4
Lira	58.4	−55.3
Yen	144.6	+39.1

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

May 8	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.562198	0.533946
U.S. $	14	1.18933	1.12956
Canadian $	18.71	1.42613	1.35243
Austria Sch.	6¾	18.9591	17.9488
Belgium F	14	43.7406	41.4374
Danish K	11	8.47873	7.99561
D mark	7½	2.67754	2.53869
Guilder	9	2.97808	2.82028
French Fr.	9½	6.35994	6.02619
Lira	19	1335.02	1266.31
Yen	6¼	259.651	245.025
Norwgn. Kr.	9	6.67749	6.33120
Spanish Pts.	8	107.028	101.604
Swedish Kr.	12	5.75766	5.45852
Swiss Fr.	5	2.44288	2.31504
Greek Dr'ch.	20½	—	62.1542

OTHER CURRENCIES

May 11	£	$		£ Note Rates
Argentina Peso	6731-6751	3190-3200	Austria	33.65-34.00
Australia Dollar	1.8390-1.8430	0.8745-0.8750	Belgium	80.40-81.00
Brazil Cruzeiro	174.07-175.07	82.53-82.94	Denmark	14.98-15.13
Finland Markka	9.02-9.04	4.2890-4.2900	France	11.51-11.61
Greek Drachma	115.209-118.153	55.20-55.40	Germany	4.78-4.82
Hong Kong Dollar	11.42¼-11.44¼	5.4265-5.4295	Italy	2350-2395
Iran Rial	164.10*	77.50*	Japan	459-465
Kuwait Dinar (KD)	0.581-0.587	0.2770-0.2773	Netherlands	5.30-5.34
Luxembourg Frs.	78.45-78.55	37.34-37.36	Norway	11.80-11.90
Malaysia Dollar	4.8975-4.9075	2.3260-2.3280	Portugal	124-132
New Zealand Dlr	2.3660-2.3710	1.1250-1.1260	Spain	187¼-197¼
Saudi Arab. Riyal	7.06-7.12	3.3605-3.3635	Sweden	10.20-10.30
Singapore Dollar	4.51-4.52	2.1420-2.1440	Switzerland	4.35-4.39
Sth African Rand	1.7520-1.7550	0.8335-0.8340	United States	2.10-2.11½
U.A.E. Dirham	7.71-7.77	3.6715-3.6740	Yugoslavia	76-81

Rate given for Argentina is free rate. * Selling rate.

EXCHANGE CROSS RATES

May 11	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.102	4.800	458.0	11.565	4.365	5.345	2383.	2.525	78.50
U.S. Dollar	0.476	1.	2.284	217.9	5.502	2.077	2.542	1134.	1.201	37.35
Deutschemark	0.208	0.438	1.	95.42	2.409	0.909	1.113	496.5	0.526	16.35
Japanese Yen 1,000	2.183	4.590	10.48	1000.	25.25	9.531	11.66	5203.	5.512	171.4
French Franc 10	0.865	1.818	4.150	396.0	10.	3.774	4.620	2061.	2.183	67.88
Swiss Franc	0.229	0.482	1.100	104.9	2.649	1.	1.224	545.9	0.578	17.98
Dutch Guilder	0.187	0.393	0.898	85.73	2.165	0.817	1.	446.0	0.473	14.69
Italian Lira 1,000	0.420	0.882	2.014	192.2	4.853	1.832	2.242	1000.	1.059	32.94
Canadian Dollar	0.396	0.833	1.901	181.4	4.581	1.729	2.116	943.9	1.	31.10
Belgian Franc 100	1.274	2.678	6.115	583.4	14.73	5.561	6.806	3036.	3.216	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MAY 11)

3 months U.S. dollars		6 months U.S. dollars	
bid 19 5/16	offer 19 7/16	bid 18 11/16	offer 18 13/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

May 11	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	11¼-11½	18-18¼	17½-18½	10¼-10½	4-4½	10¼-10½	14-15	20-40	15-16	5¾-6
7 days' notice	11⅛-11⅜	18¼-18½	17½-18½	10¼-10½	5½-6	11⅜-11½	14-15	23-26½	15-17	6-6¼
Month	12-12¼	19-19¼	18⅝-19	11⅛-11¼	9½-9⅝	12⅜-12½	16-17	21½-22½	17¾-18¾	6½-6¾
Three months	12 7/16-12⅝	19⅜-19⅝	18¾-19⅛	11⅝-11¾	9 1/16-9 3/16	12 7/16-12 9/16	16-17	21½-22	18¼-19¼	7 1/16-7 3/16
Six months	12 5/16-12 7/16	18 15/16-19 1/16	18⅝-18¾	11⅝-11¾	9 1/16-9 3/16	12 5/16-12 7/16	16-17	21½-22	17¾-18¾	7 1/16-7 3/16
One Year	12 7/16-12⅝	17⅝-17⅞	17½-17⅞	11⅞-12	9 5/16-9 7/16	12 5/16-12 7/16	15½-16½	20½-21	16¾-17¾	8⅛-8⅜

SDR linked deposits: one-month 14 13/16-15 5/16 per cent; three-months 15-15½ per cent; six-months 14⅞-15⅛ per cent; one-year 14⅝-14⅞ per cent.

ECU linked deposits: one-month 13¾-14¼ per cent; three-months 13 15/16-14 5/16 per cent; six-months 13⅞-14⅛ per cent; one-year 13¾-14⅛ per cent.

Asian $ (closing rates in Singapore): one-month 19¼-19½ per cent; three-months 19¼-19½ per cent; six-months 18¾-18⅞ per cent; one-year 17¼-17½ per cent.

Long-term Eurodollar two-years 16⅝-16⅞ per cent; three-years 16½-16¾ per cent; four-years 16⅜-16⅝ per cent; five-years 16¼-16½ per cent; nominal closing rates.

Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.90-19.00 per cent; three-months 19.00-19.10 per cent; six-months 18.60-18.70 per cent; one-year 17.55-17.75 per cent.

INTERNATIONAL MONEY MARKET

Paris nervous

Conditions were very nervous in the Paris money market yesterday, following the victory of M. Francois Mitterrand, the Socialist candidate, in the French Presidential election. Paris call money was unchanged at 12¼ per cent, but the Bank of France temporarily suspended its seven-day facility for discounting Treasury bills. This is effectively the minimum lending rate, representing the cost of acquiring funds by selling bills to the authorities under a seven-day repurchase agreement, known as putting bills into "pension."

The move by the Bank of France was designed to counter the sharp rise in fixed period interest rates, which had made it advantageous to borrow money from the central bank to lend on the open market. In the afternoon the authorities reintroduced the Treasury bill discount rate at 16 per cent, a rise of 3½ per cent from Friday. On May 5 the Bank of France increased its Treasury bill discount rate by 1 per cent following pressure on the franc.

In Frankfurt call money eased slightly to 11.50-11.75 per cent from 11.80-12.00 per cent, while term rates showed mixed changes. One-month funds rose to 12.90-13.00 per cent, but three-month fell to 12.95-13.10 per cent from 13.20-13.30 per cent, and six-month to 13.10-13.20 per cent from 13.20-13.40 per cent.

In New York Chase Manhattan became the first U.S. bank to raise its prime lending rate to 19½ per cent from 19 per cent in the present round. It was soon followed by Manufacturers Hanover.

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 12 per cent (from March 10, 1981)

Money was in slightly short supply in the London money market yesterday, and the authorities gave assistance on a small scale by buying Treasury bills and local authority bills from the discount houses. The market was faced with a moderate amount of bills maturing in official hands, which outweighed a small number of maturing Treasury bills held by the market.

Discount houses paid about 10½ per cent for secured call loans at the start, with closing balances taken at 10¾-11¼ per cent. In the interbank market overnight loans opened at 10¾-10⅞ per cent, and fell to 10¼-10½ per cent, before touching a peak of 14-15 per cent, and closing at 12-12½ per cent.

GOLD

Slight rise

Gold rose by $3 an ounce in the London bullion market yesterday to $490-493. Earlier trading had seen the metal touch a high of $506 as reaction to the Socialist win in the French Presidential election increased demand together with growing tension over the situation in Lebanon. Later in the day however a continued rise in the dollar and firmer U.S. interest rates saw the metal lose ground.

In Paris the 12½ kilo bar was fixed at FFr 93,000 per kilo ($528.33 per ounce) in the afternoon compared with FFr 95,000 ($540.43) in the morning and FFr 86,800 ($504.86) on Friday afternoon. Demand was much higher than usual with special interest seen in gold coins.

In Frankfurt the 12½ kilo bar was fixed at DM 36,625 per kilo ($502.02 per ounce) against DM 35,120 ($483.99) previously and closed at $490-493 from $484-487.

In Zurich gold finished at $492-495 per ounce from $484-487 on Friday.

	May 11		May 8	
Gold Bullion (fine ounce)				
Close	$490-493	(£232½-234)	$487-490	(£230¼-231¾)
Opening	$504-507	(£239¼-240¾)	$480-483	(£227½-228¾)
Morning fixing	$501	(£237.328)	$481.75	(£228.480)
Afternoon fixing	$493	(£233.926)	$485.75	(£229.508)
Gold Coins				
Krugerrand	$505½-506½	(£240¼-240¾)	$502-505	(£237-237½)
1/2 Krugerrand	$260½-261½	(£123¾-124¼)	$259¼-260¼	(£122½-123)
1/4 Krugerrand	$132¾-133¾	(£63-63½)	$132-135	(£62¼-62¾)
1/10 Krugerrand	$54¼-55¼	(£25¾-26¼)	$54-55	(£25½-26)
Mapleleaf	$500½-501½	(£238-238½)	$498-499	(£235¼-236¾)
New Sovereigns	$122½-123½	(£58¼-58¾)	$122¼-123	(£57¾-58¼)
King Sovereigns	$132-134	(£63½-64½)	$133-135	(£62¾-63¾)
Victoria Sovs	$132-134	(£63½-64½)	$133-135	(£62¾-63¾)
French 20,s	$192-196	(£91¼-93)	$188-192	(£88¾-90¾)
50 pesos Mexico	$610-615	(£290-292½)	$599-604	(£283-285¼)
100 Cor. Austria	$480-485	(£228¼-230½)	$465-471	(£220-222½)
$20 Eagles	$584-589	(£277½-280)	$579-584	(£273½-276)

MONEY RATES

NEW YORK

Prime Rate	19-19½
Fed. Fund	18-18½
Treasury Bills (13-week)	16.53
Treasury Bills (26-week)	15.65

GERMANY

Special Lombard	12.00
Overnight Rate	11.625
One month	12.95
Three months	13.025
Six months	13.15

FRANCE

Intervention Rate	—
Overnight Rate	12.25
One month	—
Three months	—
Six months	—

JAPAN

Discount Rate	6.25
Call (Unconditional)	7.125
Bill Discount (three-month)	7.40625

LONDON MONEY RATES

May 11 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	10½-15	11-11¼	—	—	—	—	—	—	—
2 days notice	—	—	11⅝-11⅞	—	—	11¼-11¾	10½-11¼	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅛-11⅜	11¾-11⅞	—	—	—	—	—	—	—
One month	12-11⅞	12-12 1/16	12	13¼-12⅞	11½	11⅝-11¾	11-11⅛	—	—	—
Two months	12⅛-12	12⅛-12 3/16	—	13-12¾	12 1/16	12¼-12⅜	11⅛	11 9/16-11 11/16	11⅝-11 11/16	12 1/16
Three months	12¼-12⅛	12 3/16-12 5/16	12¼	13-12⅝	12½	12⅜	11⅛	11⅜-11 7/16	11 9/16	12 1/16
Six months	12 3/16-12 1/16	12 5/16-12 7/16	12¼-12⅜	12⅞-12½	12 9/16	12½	11⅝-11¾	11 9/16	11½	12 3/16
Nine months	12 5/16-12 3/16	12⅜-12½	—	13-12⅝	12¾	12¾	—	—	11¼-11 5/16	12⅛
One year	12⅝-12¼	12 7/16-12 9/16	13-13⅜	12¾-12½	12¾	12¾	—	—	—	—
Two years	—	—	13-13½	—	—	12¾	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13-13½ per cent; four years 13¼-13¾ per cent; five years 13½-13⅞ per cent. фBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅝-11 11/16 per cent; four-month trade bills 12 per cent.

Approximate selling rate for one-month Treasury bills 11⅝-11 7/16 per cent; two-months 11 9/16-11 7/16 per cent; three-months 11⅜ per cent. Approximate selling rate for one-month bank bills 11½-11 9/16 per cent; two-months 11 9/16-11 11/16 per cent; three-months 11 7/16 per cent; one-month trade bills 12 5/16 per cent; two-months 12 3/16 per cent and three-months 12 3/16 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from May 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.3028 per cent.

JOBS COLUMN

Personality—the mind can only boggle

Y MICHAEL DIXON

YOU wanted compre-nsively accurate assessments job-candidates' personalities, iich of the following could u trust to supply the desired sult?

1—Your own hunches.

2—Orthodox personality tests approved and administered the psychology profession.

3—The unorthodox methods astrology, palmistry or aphology.

The scientific answer, since at was wanted was compre-nsive accuracy, is none of em. Or so I gathered from e seminar at the British ychological Society's confer-ice which the Jobs Column omised a month ago to attend ring its Easter break and port to you.

The entirely negative answer ay irritate many readers, pecially those who trust their vn hunches in the belief that ey know enough about per-nality to do so. They are likely conclude that since profes-onal psychologists are trained great public expense to know ill more, they should be able give the public a definite sponse to such a simple ques-on.

But that would be a false nclusion. For the result of e professionals' training is ther to teach them that much what we lay people *think we ow* about such topics (another e is intelligence) is down-ght mistaken.

The truth is that there are no ounds for certainty that the tribute commonly termed per-nality exists in any compre-nsive sense. Even if it does, ychological theories are inade-ate to explain what it is. So ychologists' tests are incap-le of assessing it adequately ther.

Aspects

Certainly the profession is nfident that it can identify and st various particular aspects something that might be lled personality. For example, ost of the society's members ould probably claim that the thodox tests would spot with ir efficiency a job-candidate ble to go inconveniently mad. Although that might make the thodox tests the least un-liable of the three methods have cited, it still leaves them r from being a comprehen-vely accurate means of assess-g people such as job-candi-tes in a positive way. Indeed, e professionally respectable proaches fall so short of equacy as to make any omising line of advance orth serious investigation—iich brings us back to the minar at the British Psycholo-al Society's conference.

For the society's members o led the seminar set out to ow that one of the much-eded lines of advance might through astrology, palmistry l graphology. And they did by presenting such scientific- valid evidence as exists that stars under which people born, the characteristics of ir hands and the traits of ir handwriting are linked h their personal make-up and entialities.

This should not be taken as dication by anyone already vinced of the predictive vers of astrology, palmistry l graphology. While these orthodox methods have erally existed for far longer n the psychology profession, scientifically respectable dence in their favour is parently sparse. But it is by means inconsiderable.

Startling

Whereas about 98 per cent the rigorous studies of astro-y have produced only nega- results, the rest have been only positive but startling. ey have shown that people n under particular disposi-ns of the heavens possess tain characteristics more n than can be explained by nce.

For instance, checks on about 00 men and women who ieved enough to be recorded the Encyclopaedia Britan-a showed that around 5 per t more of them than would expected had been born in coldest months of the year the place where their birth urred. But the main scien- investigation in the field suggested that timing of h has so complex a relation- with personality and er that the mind can only gle at it.

This is the work of the French psychologist Michel Gauquelin, who over the past 30 years or so has made detailed studies of successful actors, scientists and athletes.

Actors are usually of extro-vert rather than introvert per-sonality type. Those checked by Gauquelin who were extroverts had been born in improbably large numbers at the moment when Jupiter had either just risen above the eastern horizon of their birth-place, or just moved beyond being directly overhead. But the actors with the professionally unusual introvert personality had been born in similarly unexpected proportion when Jupiter was in one of the intermediate posi-tions.

Scientists

By contrast, the usual per-sonality type among scientists is the introvert. The studies of this profession showed that it was successful introverts who had been born in dispro-portionate numbers just after the rise or the zenith of a planet, and the extroverts whose births were associated with the inter-mediate positions. But in this case the planet was not Jupiter; it was Saturn.

Mars was found to be linked in the same complex ways to the births of the athletes, and with a similar degree of statis-tical significance—about 5 per cent more than chance would predict. But when Michel Gauquelin checked on the minority of the athletes who had become Olympic champions, the share of this most successful part of the sample who had been born when Mars was in the key positions was 35 per cent—twice as much as would have been expected.

Even so, it would be wrong to think that unborn children's prospects of success could be increased by contriving their birth to coincide with a favour-able position of the appropriate planet. Gauquelin also checked on that possibility. He found that the pattern did not apply to the people in the samples whose birth had been induced rather than left to nature.

Results of research into palm-istry, on the other hand, are less impressive. But it has evidently been found that good engineers tend markedly to have wide palms, long fingers and square nails, and that people with big hands are generally best at delicate manual tasks (which seems to deny the traditional belief that women are better than men at intricate assembly work, for instance). Another study has shown a significant link between particular disposi-tions of the fate and life lines on palms, and the experience of an unusually restricted child-hood.

It was argued at the seminar that, while relatively slender, these findings were worth fur-ther investigation because no-body, no matter how devious, could fake the evidence that might lie in his or her hands.

Expurgate

The same apparently cannot be said of handwriting. Graphology has been found fairly successful at spotting broad differences of personality, such as between male and female, and introverts' and extroverts' writing. Different graphologists tend to show a fair measure of agreement in their separately made assess-ments of the same script. But there is also evidence that once people know what their writing is supposed to signify, they can alter it to give a falsely favour-able impression just as they can expurgate their normal behaviour for an interview.

That, then, is the nub of the findings presented at the seminar. My conclusion, for what it may be worth, is that the evidence does justify further scientific study of astrology, palmistry and graphology, but that neither these nor the ortho-dox tests can as yet sensibly be trusted by recruiters seeking accurate, full assessments of candidates' personalities.

The best that employers and other lay people can do, to my mind, is back their own hunches while recognising that they are as likely to be wrong as right. And in that case, unless they have a very powerful hunch that they have encountered an egregious misfit, they should give the candidate the benefit of the doubt and make their choice on some other criterion.

Business and Investment Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

PLANT AND MACHINERY

WORLD STOCK MARKETS

Easier early Wall St trend

STOCKS ON Wall Street tended to lose ground in moderate early trading yesterday.

Analysts said worries about increases in interest rates were the main reason, as three major banks — Chase Manhattan, Manufacturers Hanover and Bankers Trust — raised their Prime Rates to 19½ per cent from 19 per cent. In addition, investors are also concerned about the tension in Lebanon.

The Dow Jones Industrial Average, after slipping 19 points last week, was 4.50 lower at 971.90 at 1 pm. The NYSE All Common Index receded 40 cents to $75.73, while declines led gains by an eight-to-five ratio. Turnover amounted to 25.57m shares, down from last Friday's 1 pm level of 33.87m.

Oils fell after Phillips Petroleum and others reported lower prices for their U.S. crude oil. Phillips lost $1 to $41⅞, actively traded Exxon $1⅞ to $66¼ ex-dividend, Superior Oil $1⅞ to $199¼, Getty $2¼ to $68½ and Pennzoil $1¼ to $40⅜.

Colonial Penn shed $1⅛ to $21⅛ on sharply lower first-quarter earnings.

KV Pharmaceuticals rose $1 to $23⅜ bid and ISC Systems, after a 5¼-point jump on Friday, $2 to $35 bid. Both companies announced stock splits.

THE AMERICAN SE Market Value Index was off 0.30 at 361.88 at 1 pm. Volume 3.24m shares (3.46m).

Canada

Markets made a mixed showing at mid-day after a fair business. The Toronto Composite Index was just 0.6 up at 2,293.3 at noon, but Golds advanced 88.4 to 4,445.4 on index. Oil and Gas put on 4.0 to 4,631.4, but Metals and Minerals shed 7.3 to 2,261.4.

Cadillac Fairview was up ⅛ to C$35½ and Bramlea rose 6⅞ to C$31 following news that the two companies are discussing a merger.

Closing prices for North America were not available for this edition.

Paris

The bottom fell out of the Paris stock market in near-panic conditions yesterday following the election of Socialist Francois Mitterrand to the French Presidency on Sunday.

When the dust settled, the market indicator showed a fall of more than 9 per cent, but this was based on quotations of only 12 issues. Quotations of the 200-plus other French stocks listed on the Exchange were made impossible by the absence of buying orders.

Traders said it was the worst *bear market* they had ever seen. Many equated the slump with the 1936 crash.

The Stockbrokers' Association attempted to start trading with a limit fall of 7 per cent, but most shares were suspended at this level as operators tried to sell in reaction to the Presidential election result.

Mitterrand has said he will nationalise 11 major industrial companies and almost all private banks.

Among shares traded, Hachette fell FFr 23 to FFr 305.

Germany

Buying interest in German shares disappeared during the session as the hoped-for French election bonus did not materialise, and the Commerzbank index shed three points to 712.1.

Some dealers had been expecting a flow of funds from France to Germany after the Presidential election victory of Socialist Francois Mitterrand, and when this did not appear share prices eased in quiet trading.

The easier tone was reinforced during trading as selling orders for Veba appeared, and the shares fell to DM 126.20 before recovering slightly to close a net DM 4 down at DM 127.10.

Bond prices improved, with *Public Authority* issues gaining as much as 90 pfennigs, while the Bundesbank sold DM 30.7m net of paper after selling DM 12m last Friday.

French shares quoted in Frankfurt fell, most losing more than 10 per cent of their value, and Elf Aquitaine shed about 20 per cent.

Tokyo

After rallying strongly last Friday and in Saturday's half-day session, the market produced selective good gains yesterday among Light Electricals, Precision Instruments and Large-capital issues, but most other sectors turned easier.

However, the Nikkei-Dow Jones Average, having risen 54.73 on Friday and 52.36 in Saturday's trading, edged up *3.58 more to 7,551.19, while the* Tokyo SE index added 2.34 at 559.16. There was a substantial trading volume of 530m shares, well above last Friday's 320m.

Steels, Heavy Electric Machines, Shipbuildings, Light Electricals, Communications and Precisions were bought actively, while Pharmaceuticals tended to *improve*.

The Socialist victory in the French Presidential Election had no immediate impact on the market, and many investors were awaiting reactions from the U.S. and Europe.

Nippon Steel advanced Y13 to Y222, Kawasaki Steel Y13 to Y208, Sumitomo Metal Y6 to Y225, *Toshiba* Y30 to Y369, Hitachi Y15 to Y640, Mitsubishi Electric Y13 to Y331, Mitsubishi Heavy Y13 to Y304, Matsushita Electric Y80 to Y1,600, Nippon Electric Y33 to Y772, Konishiroku Photo Y34 to Y658, Canon Y80 to Y1,330, TDK Electronic Y130 to Y5,360 and Victor Y100 to Y3,440.

Motors retreated sharply, with Toyota falling Y50 to Y1,010 and Honda Y31 to Y880.

Chemicals, Oils, Textiles, Foods, Machines, Non-ferrous Metals, Real Estates, Utilities, Shippings and Trading Houses generally declined.

Australia

Markets put on a mixed performance with the liveliest sector again provided by the Banks following the latest merger moves.

ANZ announced details of its merger offer for the Commercial Bank of Australia, valuing the latter at about A$470m. ANZ closed 5 cents down at A$4.75, while CBA were lifted 90 cents to A$5.50. Trading was heavy in both shares.

ANZ's offer comes shortly after the National Bank's two-for-one share exchange bid for the CBC Bank, which climbed A$1.10 to A$5.70. National fell 22 cents to A$3.40 in reaction to the proposed 73 per cent expansion of its capital, while Bank of NSW, rumoured to be preparing a bid of its own, *slipped 5 cents to A$3.50.*

Among Oil and Gas Explorers, Vamgas rose A$1.46 to A$9.20 following news of an oil flow from the Bilna No. 1 well, in which Vamgas has a 20 per cent interest.

The Rundle Oil Shale twins continued to lose ground, with Central Pacific receding 30 cents to A$2.40 and *Southern Pacific* 7 cents to 95 cents.

Hong Kong

The market staged another good recovery yesterday, encouraged by the Government's proposal to amend and extend the existing rent control legislation.

The Hang Seng index, up some 17 points last Friday, recouped 19.80 more to 1,450.91. Turnover on the four exchanges further expanded to HK$376.86m from HK$310.77m.

Property-based shares rose on local demand following the Government's decision to recommend *the phasing out of controls* as soon as conditions permit.

Johannesburg

Gold shares were firm but off the day's highs as the Bullion price reversed earlier gains. Heavyweight producers were mostly 50 to 300 cents higher and *lesser-priced Issues 10 to 50 cents* up.

Due to communication problems, quotations for the South Africa price list were unavailable yesterday.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SOUTH AFRICA

SWEDEN

GERMANY

JAPAN

SWITZERLAND

AUSTRIA

BELGIUM/LUXEMBOURG

BRAZIL

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

NEW YORK ACTIVE STOCKS

COMMODITIES AND AGRICULTURE

Early gains lost in metals

THE UNEXPECTED rise in U.S. interest rates, and subsequent decline in gold, wiped out early gains in base metal prices on the London Metal Exchange yesterday.

Copper, which had moved up in the morning following the French Presidential election result and increasing tension in Lebanon, fell back in the afternoon as heavy selling came in. Cash wirebars closed £5.25 lower at £835.25 a tonne.

Aiding the downturn in copper, lead and zinc was the news of a return to work at Boliden, the Swedish metals producer which last week declared *force majeure* on its supply contracts as a result of a strike. However, moves to settle the St. Joe Minerals strike at its lead mining and milling plant in Missouri have made no progress, Reuter reported from New York.

Both lead and zinc opened on a firmer note, but came back sharply in the afternoon. Tin too moved up strongly in early trading reflecting a sharp rise in the Penang market over the weekend.

There was a sharp rise in aluminium stocks held in LME warehouses, which jumped by 3,200 to 50,325 tonnes. But the increase was in line with market expectations and had little impact. Tin stocks rose by 190 to 7,220 tonnes, lead by 350 to 47,425 tonnes and LME silver holdings by 250,000 to 24,910,000 ozs. Copper stocks fell by 250 to 119,150 tonnes, zinc by 800 to 88,825 and nickel by 882 to 1,950 tonnes.

Sharp rise in copper expected

BY JOHN EDWARDS, COMMODITIES EDITOR

A SHARP upturn in copper prices during 1982, after a period of considerable volatility this year, is forecast in Metal and Economic Trends, a new twice-yearly publication issued by London merchants, Amalgamated Metal Trading, to replace its previous report entitled Copper Trends.

Metal and Economic Trends predicts that this year copper will average 90 cents a lb (£914 a tonne at an exchange rate of £1=$2.17) but that next year the average price will jump to 125 cents (£1,270 a tonne) with substantially higher peaks.

The surge in price is forecast to start before the end of the year in anticipation of a production deficit in 1982 of 57,000 tonnes against a surplus of 90,000 tonnes this year.

Western world refined copper consumption is expected to rise to 7,563,000 tonnes next year, from 7,080,000 tonnes this year and 7,280,000 tonnes in 1980. Refined production in contrast is forecast to increase to 7,446,000 tonnes next year, compared with 7,200,000 tonnes in 1981 and 7,063,000 tonnes last year.

At the same time the problems in Poland are forecast to turn the Eastern block from a net exporter (10,000 tonnes in 1980) to a net importer of 80,000 tonnes this year.

However, it is noted that the high cost of money and the continuing recession in the main industrialised countries this year will depress copper prices, before a "brisk expansion" of the U.S. economy in 1982 and 1983.

Zinc prices are predicted to average 38 cents a lb (£386 a tonne) this year and move up to 45 cents next year reflecting an improved supply-demand situation. The shortage of zinc concentrates will constrain slab zinc output this year, the report notes.

Average prices forecast for other metals in 1981 and 1982 are: lead 36 cents (£365 a tonne) this year; 45 cents in 1982. Aluminium 68 cents (£690) and 70 cents. Nickel $3.00 a lb (£3,050) to £3.80. Tin £6,150 to £7,100 a tonne.

Precious metal prices are forecast to increase substantially after 1981 as a result of a cyclical rise in inflation and lower interest rates.

Economists forecast price falls

MUNICH — A working group of eight economic research institutes sees coffee prices declining further after the middle of August, the IFO institute, a group member, said here yesterday.

The group believes prices will rise between mid-May and mid-August due to fears of frost damage to the Brazilian crop. But after this period abundant supply should easily cover rising demand in import countries and prices will come under further pressure.

Cocoa prices are likely to firm in the next 18 months as the latest cocoa grinding figures in the main industrial countries show consumption reacting to low prices, the group said.

But it did not believe the price would quickly reach 110 cents a lb, the lower price limit of the proposed new cocoa agreement.

Sugar prices should continue to fall in the next 18 months as the supply situation improves and an increase in world production of 5m tonnes is likely in the 1981-82 season, the group forecasts.

International wheat prices will hardly rise in 1981 and 1982, the group said. Big wheat exporters will increase their planting area in the 1981-82 season while there is considerable uncertainty about the import needs of Communist countries.

Reuter

SOFTWOOD

Russians misjudge the market

BY A CORRESPONDENT

FOR A number of years now the Soviet Union has maintained its reputation as an astute operator on the UK softwood market, usually pitching its offers at a level calculated to be low enough to draw in the buyers, but high enough to maintain the established market structure. But this year the state selling organisation, Exportles, lost its touch and of the 285,000 cubic metres offered in the first schedule in the first week of February only about 160,000 has been sold.

In Soviet terms this is a failure and it is compounded because sales on the Continent have also been dull. Holland and Belgium have proved unresponsive. France a little better, only West Germany with sales of around 400,000 cubic metres has shown any enthusiasm for Russian wood.

Last autumn Exportles indicated that it would like to sell around 800,000 cubic metres here this year in comparison to last year's export of just over 1m cubic metres worth close on £104m in cif terms. There seems to be no question of Exportles writing off the UK market this year, but if the situation is to be retrieved there will have to be some quick action because a good proportion of the wood available will be shipped from the Kara Sea region which is navigable for a confined season and it takes time to position vessels and make up cargoes.

It is against this background that the head of Exportles arrives in London this week to see the main buyers and decide on the next move. There seems to be little doubt that against their usual inclinations, the Russians will have to lead the market on to lower ground if they want to be sure of achieving a good response. What time will not allow is further delay caused by any half measures.

Appreciating that the market is delicately poised until the Russians declare their intentions, importers have in the past few weeks virtually stopped buying even the small amounts which were coming from other sources. Statistically they can afford to do so. Softwood stocks at the end of last year stood at 2,131,000 cubic metres which in the face of last autumn's forecast of consumption this year of just over 6m cubic metres were not uncomfortably high. But recession has hit consumption particularly hard, and something over 5m cubic metres as a consumption figure for this year would now be more realistic which could be serviced from a stock of nearer 1½m cubic metres.

For January, the last month for which figures are available, consumption was well under 400,000 cubic metres.

For the following months, while feeling in the trade is that there has been little improvement, actual statistics have been delayed by Customs and Excise officials withholding the import figures which are an essential part of the computation. The end-March stock figure which is derived from the trade's own sources stands at 1.75m million cubic metres.

In a year which from the start was always going to be difficult for buyers and sellers, Sweden and Finland have been pursuing a policy of reducing production while trying to maintain prices. Most mills are on a four-day week and are taking extended holidays.

For the higher qualities, prices have held up well, but are now beginning to look a little frayed especially at the lower end. The Scandinavians are always good at putting on a brave front, and at the turn of the year were talking confidently about the strength of their "other markets" (a convenient shorthand for north African and Middle Eastern countries). But figures for soft wood export sales up to the end of March show that Sweden is down in total by 55 per cent on 1980 with other markets down by 35 per cent and Finland has fared a little worse being 67 per cent down overall with other markets down 42 per cent.

Price weakness has been much more in evidence among Canadian exporters who are less inclined to cut production. Faced with a weak demand from their principal customer the U.S., the Canadians have been tempting out buyers in this market with exceptionally keen prices, and although the recent rise in interest rates in the U.S. is expected to delay any revival in demand, sterling has fallen by about 10 per cent against the Canadian dollar this year which has the effect of making the wood dearer.

Last year Canada was our largest softwood supplier sending us about 26 per cent of a total import of just over 6m cubic metres, so it is a fair assumption that the present stock contains a high proportion of Canadian wood which was keenly bought.

If the market is to go lower the devaluation of stock, while certainly not welcomed, would not be disastrous. On paper the importers have about 3m cubic metres of softwood still to be bought this year and as they await the Russian move, which is expected in the next two weeks, the importers know that every large softwood exporting country has wood available and is keen to do business.

UK seeks cane import price limit

BY LARRY KLINGER IN BRUSSELS

BRITAIN WILL today press the EEC Council of Agriculture Ministers to limit the rise in the price paid for cane sugar imports from African, Caribbean and Pacific Ocean (ACP) countries to no more than that received by Community beet growers.

Britain argues that since all Common Market domestic sugar output is now subject to a 2 per cent co-responsibility levy the price guaranteed to the ACP countries should be correspondingly lower.

There is also a subsidiary debate on whether the guaranteed price for raw sugar was increased by the Council last month by 8.5 per cent in line with white, refined sugar, or by only 7.5 per cent. No vote was taken and several countries are unsure what was agreed.

Britain backs its argument by pointing out that Tate and Lyle is Europe's only remaining large sugar refiner and that it must be able to increase its profit margin if it is to remain viable and therefore able to process the developing countries sugar.

However, Britain's move is bound to anger the 61 ACP countries which are grouped under the Lomé Convention — the EEC's special trade and aid arrangement with developing countries.

The ACP countries call the move a "disgrace" and have already sent letters to both the European Commission and the 10 EEC countries' Committee of Permanent Representatives in Brussels.

The ACP countries say that it is absurd for their guaranteed imports, on which some economically depressed nations are highly dependent, should suffer from the imposition of a tax designed to curb overproduction within the EEC.

Negotiations between the Commission and the ACP countries have already begun at ambassadorial level but have been suspended pending the outcome of the Council discussions. Completion of the price negotiations are scheduled for resumption at ministerial level towards the end of this month.

Britain would like the Commission's negotiating mandate to be limited on price before these negotiations resume.

Tate and Lyle is still negotiating long-term contracts with the ACP countries to honour the pledge that there would be no reduction in their cane sugar imports, in spite of the closure of the Liverpool refinery.

Beef support to start again

By Our Commodities Staff

EEC SUPPORT buying of beef will resume in Britain next week as a result of market prices staying below support levels for two consecutive weeks.

Prices rose last week as marketings of certified cattle fell in England and Scotland but remained below the target price. No intervention buying of beef has taken place in Britain since February.

The average cattle price at sample markets rose by 1.07p to 92.66p a kilo in England and by 1.51p to 90.78p a kilo in Scotland in the week ended May 9, according to the Meat and Livestock Commission. In Wales and Northern Ireland prices fell 1.79p and 0.45p a kilo respectively.

Guernsey tightens tomato quality control

BY OUR OWN CORRESPONDENT

GUERNSEY is making a determined effort to see that its reputation for tomatoes is not damaged, as has happened on a few occasions in the past two seasons, by the export of inferior produce after a year in which the island for the first time sold less tomatoes on the UK market than Holland.

A new law recently brought into force carries with it the ultimate deterrent of banning the export of tomtatoes by any grower who persistently breaches the packing and grading regulations introduced last year.

Trays of tomatoes shipped from the island must now be stamped with a code number identifying the producer, so that any fruit found unsatisfactory at the point of sale can be traced back to its source.

Trays are also coded by the Guernsey Tomato Marketing Board—the producer-controlled body that handles all exports—to show the date on which the fruit was submitted for shipment.

The coding system is combined with a provision that makes each producer responsible for seeing that the keeping qaulity of his fruit is such that it will not become over-ripe for at least four days.

The new legislation puts real teeth into the system by empowering the island's attorney-general to apply for an export prohibition order against anyone convicted of a horticultural offence, together with a fine of up to £1,000 for contravening such an order.

Meanwhile the mood of Guernsey's tomato growers is noticeably more confident than it was 12 months ago after the disastrous 1979 season.

While the acreage of glasshouses used for tomatoes is still shrinking (it has fallen another 10 per cent to 425 acres this year), and the modernisation programme has slowed down drastically, growers who stayed with tomatoes last year did considerably better than in 1979.

Last year over £½m was paid out by the island government to tomato growers under a price support scheme, and up to £1m is being made available for the scheme this year.

The biggest factor in an increase of nearly 30 per cent in growers' costs last year was the rise in the price of oil, on which Guernsey's glasshouse industry is almost totally dependent for heating.

This is why local growers are desperately anxious to see the EEC compel the Dutch to charge a more realistic price to their tomato producers for natural gas.

Dutch growers are still benefiting from cheap long-term gas deals made before the energy crisis, and it is estimated that the Dutch now have a 50 per cent advantage in energy costs over their Guernsey competitors.

The result is that, in spite of the premium prices usually obtained for their fruit, Guernsey growers end up financially worse off than the Dutch.

It is accepted that, in EEC trading conditions, horticulture will never have the same economic importance to Guernsey, or be such a big employer, as it was up to a few years ago.

But there is confidence that, if the "Dutch problem" can be solved, the island's tomato industry will consolidate into a smaller but efficient unit that will remain one of Europe's major suppliers.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Easier on balance on the London Metal Exchange. Forward metal moved up from £865 to £868 in early trading as gold gained ground owing to the French Presidential election win by the Socialists and the increasing tension in the Lebanon. However, the unexpected increase in U.S. interest rates led to persistent profit-taking and general liquidation and three months fell back to close the late kerb at £859 after a low of £856.5. Turnover: 17,950 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	843-.5	+12	835-.5	-5.25
3 months	866-.5	+12	859-.5	-3.5
Settlem't	843.5	+12	—	.....
Cathodes				
Cash	836-.5	+11.7	826-8	-4
3 months	854-5	+12.2	846-7	-5
Settlem't	835.5	+11.5	—	.....
U.S. Prod.	—		*83.65-88	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £843, 43.5, 43; three months £865, 65.5, 66, 66.5, 66. Cathodes: Cash £835. Kerb: Wirebars, three months £866.5, 67, 67.5, 68, 67.5. Afternoon: Wirebars, three months £863, 62.63, 62.5, 62, 62.5, 61, 60, 59.5. Kerb: Wirebars, three months £585.5, 58.5, 58, 57, 57.5, 58, 59.

TIN—Steady in quite trading with the market sustained by the sharp rise on the Penang market. Forward metal moved in a narrow range prior to closing the late kerb at £6,110. Turnover: 1,350 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6045-50	+67.5	6010-20	-5
3 months	6135-40	+80	6110-20	.....
Settlem't	6050	+88	—	.....
Standard				
Cash	6045-50	+88	6010-20	-5
3 months	6135-40	+80	6110-20	.....
Settlem't	6050	+80	—	.....
Straits E.	$1829.28	+8.67	—	.....
New York	—	.....		

Morning: Standard, cash £6050; three months £6130, 40, 45, 40, 35, 40. Kerb: Standard, three months £6125, 30. Afternoon: Standard, three months £6120, 25, 20. Kerb: Standard, three months £6110.

LEAD—Lost ground as news of a rise in warehouse stocks and a return to normal working at Boliden saw forward metal fall from £348 to close the afternoon kerb at £339.5. Turnover: 9025 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	337-8	+.75	335.5-7	-.75
3 months	345.5-6	+2	344-5	-.25
S'ment	338	+1	—	.....
U.S. Spot	—	.....	*36-8	.....

Morning: Cash £338; three months £344, 45, 45.5, 46. Kerb: Three months £345.5, 45, 45.6, 46. Afternoon: Three months £344, 44.5. Kerb: Three months £342, 41, 40, 39, 39.5, 40.

ZINC—Marginally easier on balance. The stocks decline and renewed speculative support saw forward metal move up to £337 in early trading. However, towards the end of the morning influential selling saw the price dip to £334. This selling continued in the afternoon, following the Boliden news, and three months fell back to a low of £327 before closing the late kerb at £328.5. Turnover: 7,500 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	427-8	+5	421-2	-3.5
3 months	435.5-6	+6	429.5-30	-2.75
S'ment	428	+5	—	.....
Primw'ts	—	.....	*45.75	-8.75

Morning: Three months £434, 35, 35.5, 36, 36, 35, 35.5. Kerb: Three months £435.5, 35. Afternoon: Three months £434, 33, 32, 31, 30, 28, 27, 28, 29, 30. Kerb: Three months £430, 29, 28, 28.5, 29, 28, 28.5, 29.

ALUMINIUM—Barely changed in quiet trading with the stocks rise depressing three months to £636 in the morning. In the afternoon decline in sterling encouraged a rally to £641 by the close of the kerb. Turnover: 6,200 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	616.5-7.5	+2.5	621.5-2.5	+5
3 months	636-.5	+2	641-2	+1.25

Morning: Cash £617; three months £636, 37, 36. Kerb: Three months £637, 38, 39. Afternoon: Three months £638, 39, 40, 41. Kerb: Three months £639, 40, 41.

NICKEL—Down as profit-taking and trade selling saw forward metal fall back from £3,150 to close the day £3,075. The initial rise to £3,150 reflected confirmation of the widely rumoured decline in stocks which widened the backwardation to £60 at one point in the morning. Turnover: 462 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3160-70	+90	3115-25	-10
3 months	3120-5	+70	3085-95	-2.5

Morning: Three months £3139, 35, 31, 28, 25, 22. Kerb: Three months £3120. Afternoon: Three months £3120, 3100, 3090, 95, 90, 85. Kerb: Three months £3085, 80.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 16.3p an ounce higher for spot delivery in the London bullion market yesterday at 541.6p. U.S. equivalents of the fixing levels were: spot $11.42, up 31.5c; three-month $11.985, up 33.2c; six-month $12.464, up 33.7c; and 12-month $13.375, up 37.6c. The metal opened at 550-557p ($11.60-11.75) and closed at 536-543p ($11.30-11.45).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	541.60p	+18.3	538.25p	+0.75
3 months	557.90p	+17.8	553.5p	+8.25
6 months	573.80p	+17.7	—	.....
12 months	605.75p	+18.8	—	.....

LME—Turnover 208 (130) lots of 10,000 ozs. Morning: cash 542; three months 562, 62.5, 59, 58. Kerbs: three months 559.5. Afternoon: three months 554, 53, 52. Kerbs: three months 553, 52, 51, 52, 53, 53.5.

COCOA

Light Commission House and trade selling caused futures to ease during a featureless day for prices to close £5 down. Modest producer sales were made while renewed interest was shown by Continental buyers, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
May	909-910	-5.0	913-907
July	928-926	-6.0	932-921
Sept	944-945	-5.0	953-941
Dec	968-969	-6.0	973-966
March	987-988	-7.0	996-986
May	1004-1006	-6.0	1008-1005
July	1020-1021	-1.5	1020

Sales: 1,235 (2,603) lots of 10 tonnes. ICCO Futures—Daily price for May 8: 91.88 (90.82); five-day average 91.47 (91.72).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kilo. May 368, 372, nil; Oct. 372, 373, 372; Dec. 375, 376, 376-375; Jan. 376, 380, 379-377; March 382, 386, nil; May 388, 394, 391-390; Aug. 401, 404, 402-401; Oct. 400, 404, 402, 400. Sales: 43.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kilo. May 476.0, 482.5, 478.5; July 480.0, 490.0; Oct. 487.0, 489.0, 488.5-485.5; Dec. 491.5, 492.0, 492.5-491.5; Mar. 499.0, 502.0, 500.0; May 506.0, 507.0, 507.0; July 512.9, 515.0, 513.0; Oct. 512.5, 514.0, nil. Sales: 47.

COFFEE

Marginal gains were soon surrendered as heavy selling from one source gradually outweighed early trade and dealer support, reports Drexel Burnham Lambert. However, weaker sterling coupled with a steady New York encouraged a minor recovery from the lows during an afternoon which included some arbitrage transactions.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1052-54	+0.5	1056-52
July	1064-66	+1.5	1072-64
Sept	1065-66	-2.0	1073-65
Nov	1054-55	-4.5	1063-55
Jan	1048-50	-3.0	1057-50
March	1044-46	-1.5	1052-46
May	1048-53	-2.0	1051-50

Sales: 2,004 (2,200) lots of 5 tonnes. ICO Indicator prices for May 8: (U.S. cents per pound): Comp. Daily ICA 1976 120.54 (120.34); 20-day average 120.43 (120.40).

GAS OIL FUTURES

The market opened about $2.00 higher and rose quickly to the day's highs. It then fell off on quiet trading to close at or near the lows reflecting a weakening in the physical market, reports Premier Man.

Month	Yesterd'ys close	+ or —	Business Done
	$ U.S. per tonne		
June	277.00	-0.50	280.00-77.00
July	278.00	+1.50	281.50-78.00
August	283.00	+1.50	285.50-83.00
September	287.00	+1.00	289.50-85.50
October	290.50	+2.00	292.00-90.00
November	295.50	+0.50	298.50-96.50
December	300.50	+1.00	301.50-00.50
January	304.25	+0.75	—
February	309.50	+0.50	—

Turnover: 469 (1,562) lots of 100 tonnes.

GRAINS

Old crop wheat opened 20p lower, and trade was generally slow, the main volume being in the spot with values closing 15-20p down on the day. May barley opened unchanged. New crops opened 10p down. In quiet trading values eased 5-20p on wheat and 10-25p on barley due to hedge selling, the main pressure being on the nearby options, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
May	114.75	-0.15	101.45	+0.15
July	116.65	-0.20	—	—
Sep	102.00	-0.20	95.70	-0.25
Nov	105.80	-0.20	99.40	-0.10
Jan	109.75	-0.10	102.90	-0.10
Mar	113.60	—	106.35	-0.05

Business done—Wheat: May 114.75-114.70, July 116.65-116.55, Sept. 102.05-102.00, Nov. 105.90-105.80, Jan. 109.75-109.70, Mar. 113.60-113.50. Sales: 124 lots of 100 tonnes. Barley: May 101.45-101.25, Sept. 95.80-95.70, Nov. 99.50-99.40; Jan. 103.00-102.90, Mar. 106.30-106.35. Sales: 55 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent May 107.45, June 106.70, July 108.20 transhipment East Coast sellers. U.S. Hard Winter 13½ per cent June 105.70, July 106.20 transhipment East Coast sellers. English Feed fob May 118.50, June 119.50 quoted East Coast. Maize: French May 127.00 transhipment East Coast seller. S. African Yellow June/July 88.50 seller. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 97.90, E. Mids. 100.50, N. East 100.80. Scotland 100.00. The UK Monetary Coefficient for the week beginning Monday May 18 (based on HGCA calculations using four days exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened slightly easier, with little interest throughout the day, closing quiet. Lewis and Peat reported a fob June price for No. 1 RSS in Kuala Lumpur of 266.0 (268.0) cents a kg and SMR 238.0 (239.5).

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
June	54.80-56.00	55.00-56.00	—
July	56.00-56.80	56.00-57.20	—
Jly-Sept	57.80-58.00	58.60-58.10	58.00-57.50
Oct-Dec	61.80-61.10	61.50-61.40	61.40-60.80
Jan-Mar	63.60-63.70	64.10-64.20	64.10-63.60
Apl-Jne	66.40-66.70	66.80-67.00	—
Jly-Sept	69.30-69.50	69.50-69.80	—
Oct-Dec	72.10-72.50	72.30-72.80	—
Jan-Mar	74.80-75.10	75.10-75.60	—

Sales: 161 (196) lots of 15 tonnes nil (same) at 5 tonnes. Physical closing prices (buyers) were: Spot 53.50p (same); June 57.25p (57.50p); July 57.50p (58.00p).

SOYABEAN MEAL

The market opened unchanged in quiet trading conditions, reports T. G. Roddick. Prices remained at opening levels awaiting fresh direction ahead of USDA crop production.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
June	134.40-34.7	-0.10	134.20
August	135.00-35.2	-0.20	135.50-34.50
October	138.20-38.6	-0.25	—
December	137.00-38.0	-0.60	—
February	138.50-41.0	.....	—
April	139.80-45.0	-0.25	—
June	139.00-45.0	+0.50	—

Sales: 38 (44) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £180.00 (£173.00) a tonne cif April-May-June shipments. White sugar daily price £198.00 (£190.00).

The market opened £2 above pre-weekend levels with August touching £187, reflecting higher levels on the Paris whites market, when the franc was much weaker after Mitterrand's victory. Prices soon eased but steadied until mid-afternoon when San Domingo announced an immediate tender for 75,000 tons for shipment over teh next 18 months, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	177.50-77.80	181.75-82.00	187.00-77.00
Oct.	179.80-79.95	184.50-84.75	187.95-78.95
Jan.	190.50-81.00	185.25-88.00	186.50-81.50
March	184.50-85.00	189.50-90.00	192.00-84.00
May	186.25-88.50	191.00-91.50	195.00-87.00
Aug	187.00-88.50	192.50-93.50	—
Oct.	189.00-91.00	193.50-96.00	—

Sales: 6,688 (8,272) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £267.0 (£258.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for May 8: Daily price 15.03 (14.73); 15-day average 15.80 (15.91).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 380 tonnes. Substantial undercurrent of demand brought a wider interest in numerous styles. Despite some political hesitation, operations continued in certain Middle Eastern and African qualities.

JUTE

JUTE—May C and F Dundee BWC £246, BWD £197, BTB £299, BTC £240, BTD £197; C and F Antwerp $537, $424, $646, $532, $424 respectively. C and F Dundee May 40 in 10 oz £1,040, 40 in 7½oz £811. B Twills £3,018.

TEA AUCTION

LONDON TEA AUCTION—41,428 packages were offered in yesterday's auction, demand was good. Assams saw little change. Sylhets were firm to dearer. Brighter Africans were irregular, sometimes lower. Mediums were about steady. Plain Central Africans were firm to dearer. Ceylons were barely steady. Quotations: Quality 123p per kilo (123p); Medium 102p per kilo (102p); Plain 74p per kilo nominal (72p nominal).

PRICE CHANGES

	May 11 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1295/1325	....	$1380/410
Copper			
Cash w'bar	£835.25	-5.25	£817.5
3 mths	£859.25	-3.5	£837.25
Cash Cathode	£827	-4	£810
3 mths	£846.5	-5	£825
Gold troy oz	$491.5	+3	$471.5
Lead Cash	£336.25	-0.75	£340.75
3 mths	£344.5	-0.25	£346.75
Nickel	£3,504.50	....	£3,579.50
Freemkt	295/310c	....	299/305c
Platin'mtr'y oz	£213.5	....	£213.5
Freemkt	£227.10	+7.6	£208.30
Quicksilvert	$420/430	....	$415/428
Silver troy oz	541.60p	+18.3	506.50p
3 mths	557.90p	+17.8	521.40p
Tin Cash	£6,015	-5	£6,210
3 mths	£6116	....	£6,212.5
Tungsten22.04lb	$147.31	....	$149.08
Wolfrm 22.04 lb	$142/146	....	$144/147
Zinc Cash	£421.5	-2.5	£370.5
3 mths	£429.75	-2.75	£380.375
Producers	$875	....	$825/875
Oils			
Coconut (Phil)	$555x	+5	$550
Groundnut	‡	....	‡
Linseed Crude	£424	....	£406
Palm Malayan	$575y	+5	$575
Seeds			
Copra Philip	£385u	+5	$375
Soyabean(U.S.)	$320	....	$320.75
Grains			
Barley Fut.Sep	£95.70	-0.25	‡
Maize	£127	....	£125.5
WheatFut.Sept	£102.00	-0.20	‡
No2 HardWint	£105.70z	-0.5	£106
Other commodities			
Cocoa ship't	£1,026	-6	£1,032
Future July	£926.5	-6	£959.5
CoffeeF t' July	£1065	-1.5	£1,053
Cotton A.Index	87.85c	+0.55	88.60c
Rubber (kilo)	53.5p	....	53.5p
Sugar (Raw)	£180	+7	£206
Woolt'ps 64s kl.	335p kilo	+5	324p kilo

‡ Unquoted. u May-June. x June. y July. † Per 45-lb flask.

POTATOES

LONDON POTATO FUTURES—The market was initially steadier following weekend rains, but with land drying out in most areas prices drifted off again to close at the lows, reports Coley and Harper. Closing prices: Nov. 59.60, −0.1 (high 60.00, low 59.60); Feb. 67.80, −0.2 (high 68.30, low 67.70); April 74.80, +0.1 (high 75.40, low 74.80). Turnover: 178 (58) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 75.0 to 78.4; Ulster hindquarters 90.0 to 94.0, forequarters 55.0 to 59.0. Veal: Dutch hinds and ends 122.0 to 129.0. Lamb: English small 88.0 to 96.0, medium 84.0 to 92.0; Imported frozen New Zealand PL 69.0 to 70.0, PM 66.0 to 66.0. Hoggets—English 66.0 to 78.0; Scotch 64.0 to 78.0. Pork: English, under 100 lb 48.0 to 52.0, 100-120 lb 46.0 to 51.0, 120-160 lb 44.5 to 50.0.

MEAT COMMISSION—Average Fatstock prices representative markets. GB—Cattle 93.27p per kg lw (+0.72). UK—Sheep 194.08p per kg est dcw (+5.27). GB—Pigs 75.4p per kg lw (+2.08).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Navels 48 4.50, 64 4.70, 72 5.00, 88 4.20, 112 3.80, 138 3.60; Californian: 88/138 4.60-4.80; Jaffa: Valencia Lates 50/189 4.30-4.85; Cyprus: Valencia Lates 80/120 3.20-3.50; Moroccan: Lates 64/113 3.20-3.80. Lemons—Spania: Trays 25/50 2.20-2.40; Boxes 60/100 5.50; Californian: 115/140 5.80-6.20; Italian: 100/120 4.50-4.80; S. African: 80/100 5.80-6.20; Jaffa: Cases 60/80 5.00-5.20. Grapefruit—Outspan: 40 4.20, 48 4.50, 64 4.70, 72 4.50; Cyprus: 20-kg 40/64 3.80-4.80; Jaffa: 20-kg 36/75 3.85-4.65. Topaz—Jaffa: 22-lb 40/80 4.00-4.50. Apples—S. African: Granny Smith 6.80-7.00, Golden Delicious 7.50-7.80, Starking 7.00-7.50; Chilean: Granny Smith 6.50-6.80; Canadian: McIntosh Reds 3.20; U.S.: Red Delicious 8.50-10.00; French: Stark Crimson 40-lb 5.40-6.20, Golden Delicious 40-lb125/175 4.00-4.60; 20-lb 72 2.40, 84 2.00; Italian: 40-lb Romes 60/70 4.40-4.80; New Zealand: Cox's Orange Pippins 960 10.30, Captain Kidd 7.00, Spartans 7.00; Tasmanian: Jonathan 7.00, Cox's 8.00-8.50. Pears—Belgian: Conference per pound 0.10-0.12; Italian: Passacrassana 0.12-0.14; S. African: Packhams 7.20, Beurre Bosc 5.20, Nelis 5.50, Comice 8.50; Tasmanian: Packhams 40-lb 7.00, Comice 7.00. Cherries—U.S.: 18lb, per pound 1.20-1.50; French: 11lb, per pound 0.70. Grapes—S. African: 9-lb Barlinka 4.50; Chilean: Almeria 7.50. Melons—Chilean: 15-lb 8/13 8.00-9.00; Puerto Rican: White 8/9 8.00. Strawberries—Spanish: 8oz 0.25; U.S.: 12oz 1.20; Italian: 8oz 0.30. Peaches—Spanish: 54/59 5.00. Pineapples—Ivory Coast: Each 0.45-1.00; S. African: Shelford 5/9 2.80-3.20. Bananas—Colombian: Per pound 0.17-0.18. Avocados—Florida: 20/24 6.50; S. African: 14/16 4.00. Tomatoes—Canary: 2.80-3.50; Dutch: 13-lb 4.20. Onions—Dutch: 6.50-7.50; Chilean: Nets 8.80; Canary: 25-kg 9.00; Carmel: 9.00. Potatoes—Jersey New Potatoes: Per pound 0.30; Egyptian: 44-lb Edwards 3.80; Cyprus: 44-lb bags 4.40; Canary: 25-kg 8.00; Spanish: Valencia 44lb 4.00. Cucumbers—Dutch: 2.00. Capsicums—Canary: 6lb green 3.50, red 9.80. Chicory—Belgium: Per box 4.00.

English Produce: Potatoes—Per bag 2.50-3.40. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramleys 0.08-0.15, Laxtons 0.08-0.12, Cox's 0.14-0.22. Cauliflowers—Per 12, Kent 3.60-4.50, Lincoln 2.50-3.20. Cabbages—Per bag 3.00, white cabbages 3.50. Beetroots—Per bag 1.80-2.00. Lettuce—Per 12, round 1.80-2.00, Cos 10/12 2.00-2.20. Tomatoes—Per 12-lb D 4.20, E 3.60. Leeks—Per 10-lb 1.80-2.00. Rhubarb—Per pound, outdoor 0.04-0.06. Carrots—Per 28-lb 3.00-4.00. Swedes—Per 28-lb Devon 1.80, Yorkshire 1.20-1.40. Radishes—Per pack of 12 x 8oz 1.20, bunches of 15 1.20. Onions—Per 55-lb 40/60 7.00, 60/70 7.60. Spring trays x 20 bunches 1.50.

*

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.50, codlings £2.00-£3.30. Large haddock £4.00-£4.80, medium £3.80-£4.40, small 2.00-£3.00. Medium plaice £5.60, best small £3.60-£5.00. Skinned dogfish (medium) £3.00. Lemon soles (large) £9.00, (medium) £8.00. Saithe £2.40-£2.80.

AMERICAN MARKETS

NEW YORK, May 11.

The precious metals and copper came under pressure on further increases in the U.S. Prime rate. Sugar declined on a selling tender by the Dominican Republic. The livestock complex was mixed with hogs and bellies firm on short covering prompted by increases in cash markets. The grain and soyabean complex was generally lower on rain in important growing areas, reported by Heinold.

Copper—May 79.40 (81.65), June 80.30 (82.45), July 81.60-81.90, Sept. 84.50-84.80, Dec. 88.50-88.80, Jan. 89.80, March 92.30, May 94.60, July 96.90, Sept. 99.20, Dec. 102.70, Jan. 103.90, March 106.15.

Potatoes (round whites)—Nov. 72.0 (71.6), Feb. 78.5-79.0 (78.3), March 84.1, April 98.3. Sales: 117.

Sugar—No. 11: July 14.55-14.60 (15.63), Sept. 14.95-14.96 (16.12), Oct. 15.30, Jan. 15.46-15.50, March 1586, May 1615, July 16.35, Sept. 16.55-16.60, Oct. 16.65-16.70. Sales: 7,940.

Tin—590.00-598.00 (590.00-600.00).

CHICAGO, May 11.

Lard—Chicago loose 20.00 (19.50).

Live Cattle—June 69.20-69.30 (70.30), Aug. 67.30-67.50 (68.30), Oct. 66.05-66.00, Dec. 67.15-66.95, Feb. 68.80, April 69.90, June 71.20.

Live Hogs—June 48.90-49.00 (48.57), July 52.30-52.70 (51.70), Aug. 53.10-52.85, Oct. 51.92-52.05, Dec. 54.55, Feb. 56.55, April 55.70, June 58.10, July 57.80.

‡‡Maize—May 348½-348¾ (352¼), July 358½-358¾ (363¾), Sept. 368-368½, Dec. 373-372½, March 385¾-385½, May 392¾.

Pork Bellies—May 50.00 (48.60), July 51.35-51.15 (49.82), Aug. 51.15-51.00, Feb. 67.30-67.50, March 67.80, May 69.10, July 70.35, Aug. 70.00.

†Soyabeans—May 751-750½ (764½), July 771-770 (787½), Aug. 778½-778, Sept. 785-784, Nov. 798½-797, Jan. 817½, March 840, May 856-857.

‖Soyabean Meal—May 219.8 (223.9), July 223.1-22.8 (228.1), Aug. 224.7-24.0, Sept. 226.0-252.5, Oct. 28.0-227.5, Dec. 233.0-232.7, Jan. 236.0-235.7, March 244.0, May 247.5-248.0.

Soyabean Oil—May 22.95-22.98 (23.25), July 23.65-23.68 (23.97), Aug. 24.10-24.13, Sept. 24.50, Oct. 24.90-24.95, Dec. 26.62-25.65, Jan. 25.90, March 26.35-26.45, May 26.80-26.90, July 27.20-27.30.

†Wheat—May 406½-406 (409), July 423½-424 (428), Sept. 442-441½, Dec. 467-467½, March 491½-491, May 500-500½.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, May 11.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent May 208, June/July 207. U.S. No. Two Red Winter June 180, July 182. U.S. No. Two Northern Spring 14 per cent May 209, June/July 207, Aug. 208, Sept. 210, Oct. 215, Nov. 219.

Maize—(U.S. $ per tonne): U.S. No. Three Corn Yellow afloat May 161.50, June 161.50, July 164, Aug. 168, Sept. 169, Oct./Dec. 172, Jan./March 181.

Sugar—(FFr per tonne): July 2,170-2,210, Aug. 2,189-2,190, Oct. 2,135-2,140, Nov. 2,125-2,150, Dec. 2,140-2,160, March 2,210-2,220, May 2,210-2,250, July 2,215-2,270. Sales at call 7.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports May 314, June 315, July 316, Aug. 318, Sept. 319.75, Oct. 322, Nov. 322.50, Dec. 328.75, Jan. 334.50, Feb. 340.25, March 343.25. Options May 309, June 307, July 309 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 272.50, May 273, June 274, July 278, May/Sept. 279, Nov./March 294. Brazil Pellets afloat 285, May 284, June 288, July 290, May/Sept. 289, July/Sept. 292.

PARIS, May 11.

Cocoa—(FFr per 100 kilos): May 1,030-1,065, July 1,050-1,080, Sept. 1,105-1,114, Dec. 1,115-1,125, March 1,141-1,150, May 1,165-1,172. Sales of call: nil.

INDICES

FINANCIAL TIMES

May 8	May 7	Month ago	Year ago
255.64	255.16	262.54	275.95

(Base: July 1, 1952=100).

MOODY'S

May 8	May 7	Month ago	Year ago
1086.2	1082.6	1120.5	1124.2

(December 31, 1931=100)

DOW JONES

Dow Jones	May 8	May 7	Month ago	Year ago
Spot	394.89	392.86	415.97	444.09
Fut'rs	407.14	404.61	424.31	445.82

(Average 1924-25-26=100).

REUTERS

May 11	May 8	M'nth ago	Year ago
1695.5	1685.0	1703.8	1721.1

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Equity leaders dither before drifting down late
Activation of short tap stock features gilt-edged

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
May 1	May 14	May 15	May 26
May 18	May 28	May 29	June 8
June 1	June 11	June 12	June 22

* "New-time" dealings may take place from 9.30 am two business days earlier.

Caution was the main theme in London equity markets yesterday at the start of the second and final leg of the current trading Account. Potential investors was still mindful of last week's shake-out and tended to ignore further encouraging statements about the economic outlook from both the Prime Minister and the Chancellor. On the other hand, sentiment was scarcely damaged by Tube Investment's indication of a sizeable loss in the group's first-quarter trading.

The outcome of the French Presidential election was also a major talking point, but had little impact. It was thus left to trading announcements and other news items to generate investment interest. A lively Stores sector was stimulated by preliminary statements from Sears and British Home Stores.

Press tips brought numerous good features but most leading industrials hovered either side of Friday's levels and tended to drift easier late. Confirmation that the largest Civil Service union had voted for an all-out strike was held responsible for late dullness in both equities and Gilts. The FT Industrial Ordinary share index fluctuated narrowly throughout the session and registered a gain of 0.9 at noon before closing at the day's lowest with a net fall of 2.4 at 566.9.

Activation of the short tap was the major event in British Funds. The Government broker sold supplies of the £30-paid stock, Treasury 11½ per cent 1985, at 27¾, or a discount of 2¼ on the issue price, before withdrawing. Quotations soon afterwards began to ease, and high-coupon issues, initially ¼ higher, often closed $\frac{1}{16}$ down on balance. Selected low-coupon stocks held firm, Treasury 3 per cent 1985 ending ⅛ up at 74½. Longer-dated stocks gradually surrendered rises of ¼ and in the after-hours' business were back at Friday's closing levels. The further increases in U.S. Prime Rates were expected and had no effect on the market.

Republic of Finland 14 per cent 1986 made a quiet debut in £30-paid form and closed at 29½, a discount of ½ on the issue price.

Interest in Traded Options was at a low ebb, only 996 deals being done compared with Friday's 1,283. RTZ's positions were again fairly active with 179 contracts recorded.

CBA up again

Australian issues continued to attract considerable interest in the banking sector. Up 55 last week, Commercial Bank of Australia jumped 40 more to 325p, after 345p, following publication of the bid terms from Australia and New Zealand Bank, 13 down at 245p. Commercial Bank of Sydney, 330p, lost 30 of last Friday's rise of 120p which followed details of the surprise bid from National Bank of Australasia, 10 off at 183p. The result of the French Presidential election prompted weakness in Compagnie Bancaire, £27½, and Credit France, £14, which fell 2½ points and a point respectively. Elsewhere, Ottoman lost 4 points to £49. Home Banks trended firmer in quiet trading.

Awaiting first-quarter statements, Commercial Union and Royals eased 2 to 164p and 365p respectively. Brentnall Beard closed a penny better at 22p on the return to profitability in the first-half of the year.

The Building sector featured G. H. Downing which jumped 37 to 195p on the agreed 200p per share cash bid from Hanson Trust, unchanged at 248p. Elsewhere, MDW came to life and gained 6 to 104p, while Tysons (Contractors) improved a penny to 21p following the preliminary results. John Mowlem were supported and rose 4 to 169p, with the new nil-paid shares adding 3 to 26p premium. Baggeridge Brick hardened a couple of pence to 77p in front of today's half-yearly results. The leaders closed narrowly mixed following a slow trade.

Sears & BHS please

Much better-than-expected preliminary results from Sears and British Home Stores led to an extremely firm and fairly active Stores section. Sears, additionally helped by the accompanying statement, touched 71p before closing a net 4½ up at 69p, while BHS ended 8 to the good at 180p, after 181p; the latter's 9 per cent Convertible 1982 were marked up 6½ points to £129 in sympathy. F. W. Woolworth, with first-quarter figures due tomorrow, advanced 4½ to 69p, while Debenhams rose 4 to 105p with the help of Press comment. House of Fraser gained 7 to 169p and Marks and Spencer 3 to 140p, after 141p. Elsewhere, NSS Newsagents rose 4 to 188p in front of today's interim results and James Beattie "A" added 6 to 175p following the satisfactory results. Combined English hardened 2 to 46p on the sale of its Kendall and Sons retail outlets to J. Hepworth for £1¾m cash. Freemans put on 6 to 132p and Grattan 4 to 94p, while Lincroft Kilgour improved 3 to 26p.

Inclined firmer initially, leading Electricals drifted back on scattered offerings and finished on an easier note. Plessey ended 5 cheaper at 285p and Thorn EMI a like amount down at 385p, while GEC touched 670p but closed without alteration at 665p. Secondary issues put on a mixed performance. Lec Refrigeration improved 6 to 178p and BSR edged up 2 to 56p, but Whitworth, 60p, and Eurotherm, 290p, contrasted with falls of 4 and 7 respectively.

The announcement at the annual meeting of a £10m pre-tax loss in the first-quarter prompted a reaction in Tubes which fell to 186p before recovering to close 10 down on balance at 196p. Elsewhere in the Engineering leaders, movements were restricted to a few pence either way. Among secondary issues, Spear and Jackson firmed 9 to 125p helped by Press comment on a broker's circular. Davy Corporation also encountered demand following favourable advice and put on 10 to 190p, while Laird Group were noteworthy for a rise of 8 to 142p.

British Sugar rose 10 to 325p awaiting today's half-yearly results, while Brooke Bond firmed 2 to 58p following Press comment. Other leading Foods closed easier for choice. Further consideration of the recently-announced preliminary results left J. Sainsbury 7 cheaper at 403p, while Kwik Save eased a couple of pence to 212p and Cadbury Schweppes lost 1½ to 93p. Elsewhere, Amos Hinton firmed 4 to 110p; the annual results are due next Tuesday. Demand in a thin market lifted J. N. Nicholls (Vimto) 25 to 220p.

Among Hotels and Caterers, Ladbroke remained well to the fore and rose 5 afresh to 325p. Wheeler's Restaurants attracted speculative demand following the death of the chairman and, in a thin market, advanced 20 to 390p.

Euro Ferries below best

Nervously sold last week ahead of the preliminary results, European Ferries moved between extremes of 157p and 149p in busy trading before closing a net 3 better at 153p following the results and encouraging statement with the £36.4m fund-raising call. Elsewhere in miscellaneous industrials, St. Georges Laundry (Worcester) jumped 15 to 114p in response to the much-better-than-expected preliminary results, while Channel Tunnel rose 13 to 173p on Press comment. Still reflecting the recent successful sale of a loss-making subsidiary, Whatman Reeve Angel added 7 afresh to 137p, while ICL picked up a penny to 45p on news of the Board and management changes. Royal Worcester found support at 288p, up 8, and Henry Boot put on 10 to 210p. Dufay Bitumastic added 3 at 38p and Fobel International 3½ to 26½p. Long and Hambly, however, softened a penny to 6p on the increased interim deficit and St. Gobain reflected the French election result with a fall of 225 to 950p.

Dunlop were actively traded following weekend Press comment and touched a 1981 peak of 32p before closing unchanged on balance at 78p. Other Motor Components closed mixed. Lucas shed a few pence to 226p, but Dowty improved 2 to 265p.

News that the company had reduced the price of the Sun by 2p unsettled News International which shed 10 to 103p. Among Paper/Printings, David S. Smith lacked support and lost 8 to 97p, but Waddington rose 4 to 156p in response to Press comment.

Attention in Properties was again focused on selected secondary issues. Rosehaugh attracted fresh speculative support and advanced 17 to 325p, while Phoenix Mining and Finance firmed 3 to 63p awaiting news from the annual meeting. Anglo Metropolitan touched 106p before closing a penny dearer on balance at 102p following the share-exchange offer from First Pennsylvania Mortgage Trust. Interest in the leaders was small, but Land Securities improved 5 to 425p and MEPC 6 to 243p.

Oils quietly dull

After initial dullness, an attempted rally in Oils proved short-lived and final quotations usually ended lower on balance. Among the leaders, BP finished 4 cheaper at 396p and Shell a couple of pence down at 390p. Lasmo gave up 20 to 582p and Tricentrol 12 to 246p. Press mention stimulated demand for KCA which put on 4 to 187p. Other firm spots included Steaua Romana, 5 to the good at 80p, and Edinburgh Securities, 6 up at 216p.

Recent speculative favourite Boustead, in which Hong Kong-based Hendon Green has built up a near-13 per cent stake, ran into profit-taking and closed 15 lower at 163p.

Favourable Press comment stimulated buying interest in Atlantic Assets, 6 higher at 244p, and Independent Investment, a like amount dearer at 152p. Elsewhere in Trusts, Aberdeen rose 10 to 223p while, among Financials, revived demand lifted Mercantile House 42 to 700p.

Still reflecting the recent profits warning, P. & O. Deferred reacted 5 to 140p.

Yorklyde provided the only worthwhile movement in Textiles, rising 20 to 210p in response to Press mention.

Continued speculative demand left Rothmans 2 firmer at 70p among Tobaccos.

Plantations moved higher on far-eastern support. Gadek were notable for a gain of 6 at 67p, while Highlands advanced 5 to 91p and Guthrie put on 16 to 800p.

South African Golds registered good gains but closed below the day's best reflecting the erratic performance of the bullion price.

The latter touched $507 an ounce in early trading, following the Socialist victory in the French Presidential election and the increased tension in the Lebanon, before falling back sharply to close $3 up at $491.50 in the wake of the increase in U.S. prime rates.

Golds were marked-up at the outset and attracted good local and international buying interest throughout the morning. This petered out in the afternoon, however, and prices eased back on profit-taking.

Nevertheless, the majority of stocks retained sufficient of their early gains to produce a rise in the Gold Mines index of 12.7 to 367.8.

South African Financials made good progress. Gencor rose 50 to a year's high of 975p, Anglo American Corporation 20 to 690p and De Beers 10 to 390p. In the London-registered issues, Rio Tinto-Zinc, 538p, gave back 18 of Friday's gain of 26, reflecting adverse Press comment.

Australians improved in line with overnight domestic markets. Golds performed well with GKN 20 better at 420p, Poseidon 5 up at 225p and North Kalgurli 4 firmer at 64p. In the speculative stocks, gains of 5 were common to Eagle Corporation, 30p and Swan Resources, 45p, while Metramar and Australian Consolidated Minerals rose 3 apiece to 37p and 20p respectively.

Elsewhere, Coppers showed Messina 15 to the good at a 1981 high of 315p on further consideration of the sharp rise in half-year profits and the increased interim.

FINANCIAL TIMES STOCK INDICES

	May 11	May 8	May 7	May 6	May 5	May 1	A year ago
Government Secs.	67.05	67.05	66.74	66.79	67.23	68.58	67.34
Fixed Interest	69.56	69.47	69.59	69.51	70.12	70.96	67.43
Industrial Ord.	566.9	569.3	564.8	570.6	576.9	591.8	454.2
Gold Mines	367.8	355.1	351.2	351.7	351.6	356.8	397.1
Ord. Div. Yield	5.82	5.79	5.84	5.77	5.70	5.57	6.17
Earnings, Yld. % (full)	11.45	11.43	11.56	11.36	11.25	11.00	20.00
P/E Ratio (net) (*)	10.94	10.95	10.88	11.02	11.13	11.39	6.06
Total bargains	21,094	18,383	21,594	23,760	26,448	26,422	19,141
Equity turnover £m.	—	129.84	131.87	148.53	185.37	172.06	103.54
Equity bargains	—	14,976	15,570	17,645	21,343	21,936	14,101

10 am 568.9. 11 am 568.9. Noon 570.2. 1 pm 568.2.
2 pm 569.0. 3 pm 568.9.
Latest Index 01-246 8026.
*Nil = 10.10.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	66.74 (7/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3)	69.39 (7/5)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (16/1)	281.4 (29/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	May 8	May 7
—Daily		
Gilt Edged Bargains	186.4	191.4
Equities Bargains	97.0	100.3
Value	282.0	285.3
5-day Avrge.		
Gilt Edged Bargains	198.7	192.6
Equities Bargains	118.4	120.7
Value	301.2	358.3

NEW HIGHS AND LOWS FOR 1981

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (96)

BRITISH FUNDS (1)
AMERICANS (1)
CANADIANS (2)
BANKS (2)
BEERS (1)
BUILDINGS (3)
DRAPERY & STORES (10)
ELECTRICALS (8)
ENGINEERING (11)
FOODS (2)
HOTELS (2)
INDUSTRIALS (16)
LEISURE (1)
MOTORS (3)
NEWSPAPERS (1)
PAPER (2)
PROPERTY (4)
SHOES (2)
SOUTH AFRICANS (1)
TEXTILES (5)
TRUSTS (8)
OIL & GAS (3)
RUBBERS (1)
MINES (6)

NEW LOWS (15)

FOREIGN BONDS (1)
Japan 4pc '10 Ass.
BANKS (2)
Credit France Cie. Bancaire
BUILDINGS (1)
May & Hassell
ELECTRICALS (1)
St.-Gobain
INDUSTRIALS (1)
Newman Inds.
LEISURE (1)
HTV Non-Vtg.
TEXTILES (1)
Snia Viscosa
TRUSTS (1)
Suez Finance
OIL & GAS (3)
Cie. Fr. Petroles Siikclene
Moonie Oil
MINES (3)
North West Mining Sabina
Ayer Hitam

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	52	13	32
Corpns. Dom. & Foreign Bonds	16	3	48
Industrials	282	192	894
Financial & Props.	116	69	321
Oils	31	25	29
Plantations	3	5	15
Mines	79	20	67
Others	63	34	77
Totals	642	351	1,433

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Boustead	163	−15	Land Group	142	+ 8
British Home Stores	180	− 8	Marks and Spencer	140	+ 3
Brooke Bond	56	+ 2	RTZ	538	−16
Consd. Gold Fields	482	+ 7	St. George's Laundry	114	+15
Dunlop	78	—	Sears	69	+ 4½
European Ferries	153	+ 3	Tube Investments	196	−10

FRIDAY ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Friday's closing price pence	Day's change	Stock	No. of price changes	Friday's closing price pence	Day's change
RTZ	30	554	+26	Shell Transport	12	392	+ 8
Ultramar	16	482	+19	Dunlop	11	78	+ 3
BTR	12	470	+ 6	BAT Industs.	10	358	+ 8
BP	12	400	−12	De Beers Defd	10	380	+ 3
Euro. Ferries	12	150	− 2	P & O Defd.	10	145	− 1
GEC	12	665	+ 5	Polly Peck	10	288	+13
LASMO	12	602	+22	Selct. Incs.	10	367	− 1

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 11	May 22	Aug. 6	Aug. 17
May 26	June 5	Aug. 26	Sept. 7
June 8	June 19	Sept. 10	Sept. 21

For rate indications see end of Share Information Service

Money was given for the call of Target Petroleum, GKN, H. Ansbacher, Wm. Boulton, Edinburgh Industrial Securities, Premier Consolidated, Brooke Bond, Tootal, Morgan Crucible, BICC, BPM, James Finlay, Oil Search, Whitbread "A", Burmah Oil, ICL, Dunlop, Racal, GEC, Unigate, Single, Rothmans, Amos Hinton, Percy Lane, Shell Transport, Ultramar, Costain, BP, Taylor and Loraine. Geo. Wimpey were dealt in for the put, while double options were arranged in Dunlop, Premier Consolidated and Shell Transport.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Mon., May 11, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., May 8 Index No.	Thurs., May 7 Index No.	Wed., May 6 Index No.	Tues., May 5 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	349.61	—	10.96	4.53	11.28	349.55	346.18	351.46	354.96	235.82
2	Building Materials (25)	316.84	−0.1	14.12	5.60	8.50	317.26	317.66	327.58	329.97	231.51
3	Contracting, Construction (28)	583.25	−0.2	15.70	4.69	7.70	584.61	583.73	596.90	600.15	348.45
4	Electricals (28)	1056.32	—	8.26	2.52	15.05	1055.97	1041.99	1051.60	1063.84	620.55
5	Engineering Contractors (11)	500.99	+1.4	12.62	5.28	9.71	494.05	489.54	493.35	490.03	271.75
6	Mechanical Engineering (70)	219.06	+0.1	12.93	5.59	9.70	218.90	216.59	219.77	221.67	158.02
8	Metals and Metal Forming (13)	175.21	+0.1	9.01	6.98	14.51	175.10	172.32	174.12	176.96	162.19
9	Motors (21)	109.79	—	7.77	6.97	19.92	109.76	108.67	109.32	110.98	104.40
10	Other Industrial Materials (18)	370.50	−0.2	10.79	5.56	11.13	371.14	366.37	372.80	377.52	0.00
21	CONSUMER GROUP (195)	286.90	+0.7	12.71	5.52	9.59	284.77	283.06	286.54	287.99	216.48
22	Brewers and Distillers (20)	308.53	+0.2	15.03	5.94	7.89	307.87	304.62	309.13	312.50	279.80
25	Food Manufacturing (21)	259.32	+0.6	14.74	6.09	8.19	257.79	255.92	259.92	261.41	191.63
26	Food Retailing (14)	535.09	−0.3	9.29	3.28	12.71	536.96	536.20	548.56	546.62	39.04
27	Health and Household Products (7)	303.20	+0.3	8.91	4.73	13.35	302.34	301.19	305.12	305.65	185.64
29	Leisure (22)	431.15	−0.1	11.76	5.22	10.11	431.45	430.56	437.92	440.80	292.52
32	Newspapers, Publishing (12)	526.15	+0.1	15.99	5.36	8.20	525.61	517.70	518.73	516.08	414.34
33	Packaging and Paper (14)	151.77	−0.8	17.59	7.61	6.67	153.01	151.94	153.52	156.31	129.12
34	Stores (44)	290.92	+2.2	10.05	4.35	13.02	284.58	283.71	286.52	287.40	213.17
35	Textiles (22)	165.37	−0.5	12.19	7.60	11.25	166.14	166.14	167.36	170.54	122.53
36	Tobaccos (3)	264.05	+1.1	19.95	9.40	5.84	261.21	256.58	255.37	254.47	202.50
39	Other Consumer (16)	305.92	−0.3	12.20	6.29	10.64	306.90	305.60	308.02	309.57	0.00
41	OTHER GROUPS (79)	239.90	+0.1	12.92	6.29	9.51	239.70	239.03	242.01	243.75	202.71
42	Chemicals (15)	303.29	−0.2	10.62	6.80	11.94	303.82	303.31	304.31	307.74	305.46
44	Office Equipment (6)	119.76	+0.3	15.39	6.99	7.66	119.43	118.93	120.59	120.94	108.80
45	Shipping and Transport (13)	598.53	−0.6	14.97	6.43	7.94	602.25	603.39	625.75	630.24	497.86
46	Miscellaneous (45)	303.66	+0.6	14.22	5.46	8.63	301.84	300.16	304.25	305.32	244.40
49	INDUSTRIAL GROUP (488)	302.09	+0.4	12.09	5.25	10.14	300.92	298.83	302.84	305.00	224.84
51	Oils (12)	825.90	−0.8	21.59	6.82	5.13	832.98	810.75	822.75	809.64	724.96
59	500 SHARE INDEX	343.94	+0.2	13.82	5.54	8.62	343.38	339.75	344.40	345.42	264.48
61	FINANCIAL GROUP (118)	256.06	+0.2	—	5.54	—	255.55	255.05	256.37	258.16	201.55
62	Banks (6)	257.10	+0.5	35.99	7.06	3.24	255.78	254.30	253.89	252.48	213.17
63	Discount Houses (10)	295.66	—	—	6.88	—	295.53	301.75	301.46	304.30	240.11
64	Hire Purchase (4)	263.25	+0.1	8.55	4.71	16.18	263.00	263.00	265.94	265.94	207.20
65	Insurance (Life) (10)	253.36	—	—	5.91	—	253.42	253.43	255.22	258.43	181.09
66	Insurance (Composite) (9)	161.42	−0.4	—	7.61	—	162.09	163.02	163.92	167.99	130.96
67	Insurance Brokers (8)	378.77	−0.4	11.61	6.09	11.85	380.20	380.18	381.70	380.53	296.38
68	Merchant Banks (13)	157.80	−0.4	—	5.07	—	158.42	158.62	159.92	160.11	105.78
69	Property (48)	500.49	+0.6	3.10	2.59	44.43	497.26	493.07	497.74	500.94	398.47
70	Miscellaneous (10)	170.19	+0.4	18.57	6.08	6.53	169.45	170.06	170.68	170.72	128.33
71	Investment Trusts (109)	309.35	+0.4	—	5.02	—	308.23	306.26	310.07	311.98	216.10
81	Mining Finance (3)	258.79	−1.0	15.25	5.18	8.84	261.48	253.90	253.94	253.69	181.34
91	Overseas Traders (20)	474.47	+0.2	11.31	6.14	10.90	473.73	473.02	476.38	479.47	374.54
99	ALL-SHARE INDEX (750)	325.33	+0.1	—	5.51	—	324.85	321.90	325.62	326.88	249.17

FIXED INTEREST

	PRICE INDICES	Mon., May 11	Day's change %	Fri., May 8	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	107.50	−0.02	107.52	—	4.17
2	5-15 years	108.08	+0.20	107.97	0.11	4.11
3	Over 15 years	110.79	+0.15	110.63	—	4.93
4	Irredeemables	119.92	−0.13	120.08	—	6.23
5	All stocks	108.45	+0.11	108.37	0.04	4.38
6	Debentures & Loans	86.52	+0.05	86.48	—	3.76
7	Preference	66.93	−0.23	67.09	—	2.88

	AVERAGE GROSS REDEMPTION YIELDS		Mon., May 11	Fri., May 8	Year ago (approx.)
	British Government				
1	Low	5 years	12.02	12.05	12.29
2	Coupons	15 years	12.64	12.66	12.24
3		25 years	12.78	12.78	12.24
4	Medium	5 years	13.86	13.87	14.09
5	Coupons	15 years	14.33	14.37	13.89
6		25 years	13.96	13.97	13.72
7	High	5 years	13.83	13.81	14.22
8	Coupons	15 years	14.52	14.54	14.20
9		25 years	14.15	14.16	14.17
10	Irredeemables †		12.19	12.17	11.31
11	Debs & Loans	5 years	14.65	14.63	14.61
12		15 years	14.77	14.78	14.54
13		25 years	14.77	14.78	14.47
14	Preference †		14.76	14.75	15.79

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
—	F.P.	—	£21⅞	£21⅛	Allegheny Int. Inc.	£21½	−⅜	Q$1.40	—	2.8	—
‖ ‖	F.P.	—	£19⅝	£15¾	Amdahl	£17½	.....	Q40c	—	1.0	—
‖ ‖	F.P.	—	300	200	*Atlantic Res.	220	−18	—	—	—	—
§90	F.P.	15/5	127	89	*Consultants 10p	125	−2	—	—	—	—
‖ ‖	F.P.	—	183	112	†† Eglinton Oil & Gas	160	.....	—	—	—	—
475	F.P.	—	500	475	Energy Res. & Service	500	+12	—	—	—	—
30	F.P.	24/4	53	36	*Euroflame	50	.....	b2.1	2.5	6.0	9.5
100	F.P.	22/5	111	102	G.T. Global Rec. Inv Tst	106	.....	—	—	—	—
‖ ‖	F.P.	—	62	56	*Harvey & Thompson	56	.....	g2.24	1.1	5.7	22.0
§91	F.P.	—	96	90	*Intasun	90	.....	g2.8	4.3	4.4	6.6
§84	F.P.	15/5	114	93	*Metal Bulletin	113	+1	—	—	6.3	13.2
18§	F.P.	—	22	20½	Munton Bros. 10p	21½	.....	—	—	—	12.2
—	F.P.	—	57	42½	New Darien Warrants	47	+4½	—	—	—	—
‖ ‖	F.P.	—	5	3½	*Reliant Motors	5	+½	—	—	—	—
25	F.P.	—	25	20	Stone Platt Cnv Cm Pf	25	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price £	+ or −
9p	Nil	—	17p	16p	BPC 7.75% Non. Cum. Prf.	17p	+1
‖	£10	18/6	10¼	10	Cambridge Water 8% Prf. 1986	10	.....
‖	F.P.	15/5	34p	32p	Colonial Secs. 7% Cum. 2nd Pref. 5p	32p	−1
99.486	£30	—	29	28¼	International Bk. 13½% Ln. 1986	28⅞	+⅛
97¾	£10	10/7	11	6	Leeds (City of) 13½% Red. 2006	7½	+¼
‖	F.P.	—	107p	101p	Norton (WE) 11% Cnv. Cum. Rd. Prf.	102p	+1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 92.1 92.2 ..... 14.64
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Grueneburgweg 113, 6000 Frankfurt
Investa DM32.82 33.65 −0.10 —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. May 5 $4.55 4.78 ..... —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra DM16.82 17.24 −0.09 —
Int. Rentenfonds DM60.83 62.35 ..... —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV April 28 US$32.38 34.45 ....

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. 162.5 174.3 ..... 2.20

The English Association
4 Fore Street, EC2. 01-588 7081
E. A. Income Fund* 66.4 70.7 ..... 7.07
E. A. Sterling* 68.27 68.31 ..... —
E. A. Equity* 71.52 75.86 ..... 1.65
Wardgate Cm. Fd.** 17.19 17.89 ..... 2.91
*Next dealing May 13. **Next dealing May 29.

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2.
Tel: 01-247 7243. Telex 8814408.
Euro Hldgs. US$19.15 20.44 ..... 9.20

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations US$42.57 +0.17 3.92

F & C Mgmt. Ltd. Inv. Advisers
1, Laurence Pountney Hill, EC4. 01-623 4680
F&C Atlantic Fd. SA US$11.67 −0.30 1.29
F. & C. Oriental Fd. US$23.60 −0.41 0.42
Prices May 6. Weekly dealings.

Fidelity International Ltd.
P.O. Box 670, Hamilton, Bermuda.
8, Queensway Hse., Queen St., St. Helier, Jersey, C.I. 0534 71696
American Assets US$40.28 ..... 1.190
Am. Vals. Com.Pf. 53* $101.25 ..... —
American Vals. Com.* $17.86 ..... —
Dollar Savings Trust US$78.97 +0.04 15.58
Far East US$33.56 +0.19 —
International US$45.42 ..... —
Pacific US$109.99 ..... —
World US$25.36 +0.33 —
Gilt Fund 22.4 22.6 ..... 13.83
*Prices at April 1.

First Viking Commodity Trusts
10-12 St. George's St., Douglas, IoM. 0624 25015
Fst. Vik. Cm. Tst. 26.1 27.5 ..... 5.90

Fleming Japan Fund S.A.
37, rue Notre-Dame, Luxembourg
Fleming April 30 US$76.65 ..... —

Frankfurt Trust Investment—GmbH
Neue Mainzer Strasse 74-76, D-6000 Frankfurt
FT-Interzins DM37.09 40.54 −0.04 —
Frankft. Effekt. Fd. DM53.87 56.49 +0.54 —

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.
NAV April 30 US$151.93 ..... —

G.T. Management Ltd.
Park Hse., 16 Finsbury Circus, London EC2
Tel: 01-628 8131. TLX: 886100
London Agents for:
Anchor "B" Units US$1.89 1.95 ..... 1.11
Anchor Gilt Edge £8.82 8.89 +0.05 14.29
Anchor Int. Fd. US$9.21 9.45 ..... 1.11
Anchor In. Jsy. Tst. 48.0 51.2 ..... 2.34
Berry Pac Fd. US$67.41 ..... 0.74
Berry Pac Strlg. £3.88 4.0560 ..... 1.02
G.T. Asia Fd. HK$22.28 ..... 1.12
G.T. Asia Sterling £29.28 30.48 ..... 1.37
G.T. Australia Fd. A$37.51 ..... 0.77
G.T. Bond Fund US$11.93 +0.03 11.32
G.T. Dollar Fd. US$14.06 ..... 1.07
G.T. Dlr. (Strlg.) Fd. £15.72 16.37 ..... 0.95
G.T. Invest. Fd. US$19.16 +0.18 0.53
G.T. Japan Small Cos. US$16.12 +0.02 —
Martaine (STG) Fd. £9.48 10.03 ..... 6.22
G.T. Technology Fd. US$29.21 ..... —
G.T. Pacific Fd. US$17.11 +0.16 0.20
G.T. Asean Growth Fd. US$11.79 12.69 ..... 0.77

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531
Gartmore Fund Managers (C.I.) Ltd. (a) (h)
41, Broad St., St. Helier, Jersey. 0534-73741
Gilt Fund (Jersey) 83.0 88.0 −2.0 13.50
Gartmore Fund Managers (Far East) Ltd. (a)(h)
1503 Hutchison Hse., 10 Harcourt Rd., H. Kong
Australian Tst. 2.60 0.60 1.00

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AUTHORISED UNIT TRUSTS

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	45.0	48.6	+0.7	0.51
Cres. Internat'l.	89.5	95.5	+0.5	1.64
Cres. High. Dist.	47.3	51.0	+0.4	9.37
Cres. Reserves	54.1	58.4	+0.2	5.09
Cres. Tokyo	37.7	40.7	+0.6	0.86

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324
Total Perf. Unit Tst. 23.6 25.0 ---- 9.05

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485
Disc. Inc. April 30 266.9 284.6 ---- 4.80

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893
Great Winchester 20.7 22.9 ---- 6.17
Gt. Winchester O'seas 30.2 33.3 ---- 3.39
For Emson and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377
Equity & Law 95.7 100.7 +0.5 4.30

FT UNIT TRUST INFORMATION SERVICE

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114
Equity Accum. (2) 267.5 281.5 ---- 3.82

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815
Pro. Fund April 30 149.45 ---- 6.77
Wider Fund April 30 282.20 ---- 4.75
Narrower Fd. April 30 77.05 ---- 13.22
*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588
See also Stock Exchange Dealings.

American	68.6	73.7	-0.3	2.00
(Accum. Units)	73.7	79.2	-0.2	2.00
American Recovery	78.3	83.8	-0.2	1.38
(Accum. Units)	80.8	86.5	-0.3	1.38
Australasian	106.4	113.8	+0.2	1.06
(Accum. Units)	111.3	119.1	+0.2	1.06

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	178.3	191.7	+1.2	2.56
(Accum. Units)	230.9	248.2	+1.6	2.56
Income Fnd.	245.7	264.1	+0.3	7.10
(Accum. Units)	423.9	455.7	+0.7	7.10
Gen.	137.4	147.7	+0.9	3.62
(Accum. Units)	186.0	200.0	+1.1	3.62
Europe	—	—	—	—
(Accum. Units)	—	—	—	—
Smaller Co.'s	152.6	164.0	+0.4	2.81
American	53.1	57.0	+0.6	0.23
(Accum. Units)	53.1	57.0	+0.6	0.23
Tokyo	52.9	56.8	----	0.22
(Accum. Units)	52.9	56.8	----	0.22
Gilt & Fixed	47.7	50.2	+0.4	11.49
(Accum. Units)	47.7	50.2	+0.4	11.49
Australian	51.3	55.8	----	1.96
(Accum. Units)	51.3	55.8	----	1.96
*Ph. & C. Fd. Apr. 22	261.9	275.8	----	4.49
*Recovery April 28	324.9	342.0	----	3.72

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

INSURANCE PROPERTY BONDS

Welfare Insurance Co. Ltd.♥
Winslade Park, Exeter. 0392-52155
Moneymaker Fd. 125.2 ---- —
For other funds, please refer to The London & Manchester Group.

Windsor Life Assur. Co. Ltd.
Royal Albert Hse., Sheet St., Windsor 68144

Investor Units	108.8	114.4	----	—
Accum. Pen. Units	168.6	177.3	----	—
Flex. Inv. Growth	132.3	139.4	----	—
Future Assd Growth	35.0(a)	61.0(b)	----	—
Rel. Ass'd Pen.	£33.54		----	—

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933
Albany $ Fd. (CI) US$18.55 195.32 ---- 1.44
Next dealing May 29.

Alexander Fund
37, rue Notre-Dame, Luxembourg.
Alexander Fund US$14.38 ---- —
Net asset value May 4.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741
AHR Dollar Inc. Fd. US$10.14 10.16 ---- 18.12
AHR Gilt Edg. Fd. £10.81 10.55 ---- 13.25

Alliance International Dollar Reserves
c/o Bank of Bermuda, Hamilton, Bermuda.
Adv.: ACMI, 319 High Holborn WC1. 404 0377
Distribution May 1-4 0.001656 (16.3% p.a.)

Arbuthnot Securities (C.I.) Limited

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FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	32	Acmex 50c	40	......	Q2.5c	—	3.3
23	14	ACM 20c	20	+3	—	—	—
21	14	Argosy Gold NL 25c	18	+1	—	—	—
212	137	Bond Corp.	172	−7	Q7½c	1.9	2.2
102	76	Bougainville I Kina	94	+4	Q26.2c	1.8	14.5
302	214	CRA 50c	234	+2	Q19c	1.7	4.2
25	17½	Canada Northwest	18	......	—	—	—
35	17	Carr Boyd 20c	18	......	—	—	—
415	80	Central Pacific	138	−5	—	—	—
35	35	Cons. Gold Min. N.L. 50c	35	......	—	—	—
47	33	Coltus Pacific N.L.	33	−1	—	—	—
32	22	Eagle Corp. 10c	30	+5	—	—	—
40	29	Endeavour 20c	30½	......	—	—	—
500	310	G. M. Kalgoorlie 25c	420	+20	†Q13c	♦	1.6
25	11	Great Eastern	11	......	—	—	—
275	180	Hampton Areas 10p	200	......	t2.5	2.4	1.8
168	58	Haoma Gold N.L.	62	+4	—	—	—
85	42	Intl. Mining	48	......	—	—	—
245	140	Kitchener NL 25c	155	......	—	—	—
105	45	Leichardt Expln.	50	......	—	—	—
430	275	Meekatharra	340	......	—	—	—
70	49	Metals Ex. 50c	57	......	§Q3c	2.9	2.7
38	20	Metramar Mns. 20cts.	37	+3	—	—	—
267	190	M.I.M. Hldgs. 50c	259	+4	‡Q27.6c	1.7	‡
21	11½	Minefields Expl. 25c	12½	......	—	—	—
115	83	Mount Lyell 25c	115	......	♦tQ15c	1.7	6.8
20	14	Newmetal 20c	15	+1	—	—	—
69	41	Nickelore N.L.	62	+3	—	—	—
204	149	North B. Hill 50c	178	+1	Q18c	3.1	5.9
84	50	Nth. Kalgurli	64	+4	—	—	—
175	94	Nth. Mining Corp.	142	−2	—	—	—
122	44	N. West Mining N.L.	44	−2	—	—	—
148	106	Oakbridge 50c	128	......	tQ12c	1.1	4.8
185	138	Otter Expl. N.L.	150	......	—	—	—
186	164	Pacific Copper	178	......	—	—	—
605	475	Pancont'l 25c	510	−5	—	—	—
70	42	Paringa M&Ex. 5p	64	+1	♦—	—	—
525	375	Peko-Wallsend 50c	520	+10	‡Q22½c	♦	2.2
43	27	Pelsart Res NL	38	+2	—	—	—
120	85	Seltrust A	105	−5	—	—	—
157	34	Southern Pacific	54	−1	—	—	—
72	40	Swan Resources 20c	45	+5	—	—	—
18	9½	West Coast 25c	10	+½	—	—	—
300	227	Westn. Mining 50c	274	+5	Q14c	3.6	2.6
27	16½	Westmex	16½	......	—	—	—
76	50	Whim Creek 20c	50	......	—	—	—
101	68	York Resources	68	−1	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	10	Amal Nigeria 10p	10½	−½	‡6.0	—	—
300	250	Ayer Hitam $M1	250	−5	‡Q20.5c	1.0	‡
67	54	Beralt Tin	66	......	5.0	♦	10.8
155	125	Geevor	125	......	‡8.4	1.9	‡
10	8	Gold & Base 12½p	9½	......	—	—	—
660	556	Gopeng Cons.	565xd	......	‡30.0	1.8	‡
450	360	Hongkong	360	......	21.0	♦	8.3
125	115	Idris 10p	118	......	26.0	♦	7.3
15	13	Jantar 12½p	15	......	1.5	♦	14.3
98	85	Kamunting $M0.50	85	......	‡Q80c	1.0	‡
775	545	Killinghall $M1	775	......	Q100c	♦	2.5
114	88	Malay Dredging 10c	114#	......	♦‡Q38c	0.9	6.4
68	30	Pahang	65	......	0.44	0.3	1.0
103	90	Pengkalen 10p	90xd	......	3.5	0.6	5.6
380	340	Petaling $M1	340	......	Q180c	1.4	10.2
25	19	South Crofty 10p	24#	......	‡1.0	4.4	‡
225	200	Sungei Besi $M1	210	......	‡Q480c	1.1	‡
180	95	Supreme Corp. $M1	175	......	♦Q15½c	♦	1.7
118	116½	Tanjong 15p	118	......	21.5	♦	1.8
90	75	Tongkah H. Tin $M1	75	......	Q23%	0.4	6.1
410	350	Tronoh $M1	360	......	‡Q250c	0.7	‡

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
315	165	Messina R0.50	315	+15	†Q45c	4.7	8.4

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	142	Anglo-Dominion	170	+5	—	—	—
55	40	Barymin	45	......	—	—	—
24	14	Burma Mines 10p	21	+1	0.75	0.9	5.1
315	180	Colby Res. Corp.	220	......	—	—	—
270	200	Cons. Murch. 10c	270	......	tQ30c	1.8	6.4
98	75	††Hemerdon 10c	83	......	—	—	—
180	135	Highwood Res.	150	......	—	—	—
400	300	Northgate C$1	350	......	—	—	—
580	372	R.T.Z.	538	−16	16.0	3.2	4.3
£125	£93½	Do. 9½% Cv. Uns. Ln. '95-2000	£123	......	Q9½%	—	18.1
143	110	††SPO Minerals 10p	110	......	—	—	—
47	32	Sabina Inds. C$1	32	−2	—	—	—
39	28	††SWCM 10p	38	......	—	—	—
550	465	Tara Exptn. $1	487	−13	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. x Prospective real rate of return. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	43	......
Bertam	14	......
Bdg'wtr. Est. 50p	460	......
Craig & Rose £1	£11¼	......
Fife Forge	62	+1
Finlay Pkg. 5p	28	......
Graig Ship. £1	£20	......
Higsons Brew	73	......
Holt (Jos) 25p	468	......
I.O.M. Stm. £1	157	......
Pearce (C. H.)	£18	......
Peel Hldgs.	100	......
Sheff. Refrshmt	101	......
Sindall (Wm.)	175	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£93¾	−⅛
Nat. 9¾% 84/89	£75⅝	......
Fin. 13% 97/02	£90¼	......
Alliance Gas	65	+4½
Arnott	255	......
Carroll (P.J.)	88	......
Concrete Prods.	98	+3
Heiton (Hldgs.)	28	......
Ins. Corp.	395	......
Irish Ropes	53	......
Jacob	50	......
T.M.G.	30	......
Unidare	100	......

OPTIONS

3-month Call Rates

Industrials

Stock	Rate	Stock	Rate	Stock	Rate
A. Brew	6½	House of Fraser	14	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	20	Vickers	15
B.S.R.	4½	"Imps"	7	Woolworths	5
Babcock	11	I.C.L.	6		
Barclays Bank	36	Ladbroke	30	**Property**	
Beecham	15	Legal & Gen.	20	Brit. Land	8
Blue Circle	35	Lex Service	10	Cap. Counties	11
Boots	28	Lloyds Bank	28	Land Secs.	37
Bowaters	24	"Lofs"	4½	MEPC	28
Brit. Aerospace	14	London Brick	7	Peachey	15
B.A.T.	25	Lucas Inds.	28	Samuel Props.	13
Brown (J.)	7	"Mams"	20	Town & City	2¼
Burton Ord.	12	Mrks. & Spncr	9		
Cadburys	7½	Midland Bank	26	**Oils**	
Courtaulds	6	N.E.I.	7	Brit. Petroleum	36
Debenhams	8	Nat. West. Bank	32	Burmah Oil	16
Distillers	17	P & O Dfd.	13	Charterhall	9
Dunlop	7½	Plessey	30	KCA	22
Eagle Star	22	Racal Elect.	34	Premier	10
F.N.F.C.	3½	R.H.M.	5	Shell	34
Gen. Accident	30	Rank Org. Ord.	18	Tricentrol	30
Gen. Electric	60	Reed Intl.	20	Ultramar	44
Glaxo	28	Sears	5		
Grand Met.	14	Tesco	5½	**Mines**	
G.U.S. 'A'	44	Thorn EMI	30		
Guardian	32	Trust Houses	18	Charter Cons.	21
G.K.N.	16	Tube Invest.	28	Cons. Gold	45
Hawker Sidd	25	Turner & Newall	10	Lonrho	9
		Unilever	50	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Tuesday May 12 1981

U.S. may phase out profits tax on oil

BY RAY DAFTER, ENERGY EDITOR

THE REAGAN Administration is proposing to phase out the $20bn-a-year windfall profits tax on oil companies in an attempt to encourage further U.S. oil exploration and production.

Mr. James Edwards, the U.S. Energy Secretary, said a start could be made in the next year or two by scrapping the tax on the third category of oil — crudes which are the most expensive to produce.

"The Administration would want to do away with the windfall tax. I would like to see all of it removed ultimately," Mr. Edwards said.

Since his appointment, Mr. Edwards has come under considerable oil industry pressure for relief from the tax. It was introduced by the Carter Administration in March last year.

The extent and timing of tax cuts would depend on improvements in the economy and the Administration's success in cutting public spending, he said. U.S. oil industry drilling activity was at a record level, but there was still scope for boosting exploration and production and reducing the need for imports.

In the present fiscal year, the tax, levied on revenue rather than profits, is expected to raise between $15bn and $16bn.

Mr William Tavoulareas, president of Mobil Corporation, said last week that crude oil prices had risen because of the U.S. decision to speed up decontrols. This had resulted in an additional $3.5bn in Federal revenue from the tax in the present fiscal year. "The windfall profits tax is actually proving to be a windfall for the Government in Washington," he said.

During the coming fiscal year, beginning in October, the tax is expected to raise between $21bn and $22bn. Of this total, an estimated $1.3bn is likely to be raised from the production of 1.1m-1.2m barrels a day of expensive, "tier three" oil.

This category of oil includes newly-discovered crude, production achieved through the application of enhanced recovery operations, and heavy crudes of 16 degrees API or less.

Tier three oil is already charged at the lowest tax rate — 30 per cent. Tier two oil — produced from low-yield wells and Naval Petroleum Reserve territories — attracts a 60 per cent tax rate. The predominant tier one category of crude discovered before 1979 — so-called "old oil" — is charged at a 70 per cent rate.

Scrapping the windfall profits tax could be given higher priority by the Administration than an acceleration of gas price de-controls. Mr. Edwards said President Reagan was in favour of moving cautiously towards de-regulation by 1985 but much would depend on the findings of a commissioned study which was due to be presented on June 1.

The issue was not as clear-cut as oil price de-controls. It could be argued that an increase in gas prices would raise the demand for oil products, he said. This might add pressures to the oil import market. Furthermore, the U.S. now had access to plentiful supplies of natural gas.

A delay in the de-control of gas prices would disappoint European chemical and synthetic fibre manufacturers who claim that their U.S. competitors are being favoured by relatively cheap feedstock. This was pointed out last week by Mr. Cecil Parkinson, Britain's Trade Minister, during talks in Washington with the Reagan Administration and congressional leaders.

U.S. asks Israel for more time to solve crisis

BY DAVID LENNON IN TEL AVIV AND ANTHONY McDERMOTT IN BEIRUT

THE U.S. yesterday asked Israel for more time to solve the Lebanon missile crisis which has brought Israel and Syria close to military confrontation.

According to Israel Radio, Mr. Philip Habib, President Reagan's negotiator in the Middle East, pressed Mr. Menahem Begin, the Israeli Prime Minister, for more time in talks in Jerusalem yesterday evening. Neither man gave details of the talks.

However, Mr. Begin revealed earlier that he had issued orders to his air force to destroy the mobile Syrian anti-aircraft missile batteries the day after they were moved into Lebanon's Bekaa Valley.

He made clear that the order, initially frustrated by bad weather and finally by U.S. intervention, still stood. It would be executed if Mr. Habib's mission failed to result in the missiles being removed.

The Premier told the Knesset (Parliament) that only bad weather halted the planned attack on the missiles on April 30. Three times he had ordered the planes to destroy the batteries but each time strikes were postponed because of weather.

The air attack would have been carried out the next day but for an appeal from President Reagan to allow time for diplomatic efforts to persuade Syria to withdraw the missiles.

Mr. Begin said that because of this restraint another two missile batteries had been added to the original three inside Lebanon and a further eight had been moved up to the Syrian-Lebanon border. He also claimed that Libya had sent missiles to Lebanon.

In what sounded like a final appeal Mr Begin called on President Hafez Al-Assad of Syria to remove the missiles from Lebanon. He said that if this call was ignored "war will be unavoidable." Mr Begin made his remarks shortly before meeting Mr Habib.

According to latest Beirut estimates the Syrians have 25,000 troops in Lebanon backed by heavy artillery and as many as 120 Soviet-built T-62 tanks. Officials in Damascus asserted that Syria has developed a strategy for dealing with any Israeli strike on the missiles.

In south Lebanon, where the Palestine Liberation Organisation has up to 10,000 troops, there are fears that should the missile crisis result in confrontation the Israelis may attack Palestinian positions too.

Mr Mahmoud Labadi, official PLO spokesman in Beirut, said his forces had been put on "full alarm and mobilisation" although the organisation hoped Mr Habib's talks in Israel would succeed in reducing tension.

Louis Fares in Damascus reports: Mr Yassir Arafat, the PLO leader, held talks in Baghdad yesterday with Iraqi officials on the possibility of convening an emergency meeting of Arab Foreign Ministers in Saudi Arabia, to co-ordinate a united Arab reaction to the Lebanese crisis.

Mr Arafat is believed to have gained support for the idea in recent talks in Kuwait, Saudi Arabia, Tunisia, Libya, Algeria, and Syria.

Cut in lead content of petrol ordered to reduce pollution

BY SUE CAMERON

THE LEGAL limit for the amount of lead in petrol is to be cut by two-thirds as part of a series of measures to tighten restrictions on lead pollution.

The new lower limits for lead in petrol are to be brought into force by the end of 1985 and the price of a gallon of four-star is expected to rise by between 4p and 5p as a result. The total cost of the move is expected to be some £200m a year.

Of this about £120m will be the bill for extra crude oil needed in refining to compensate for the reduction in lead additives. The rest will be the cost to the oil industry of investment in new plant.

The new permitted level will be 0.15 grammes per litre compared with the present 0.4 grammes per litre.

The Government said yesterday that lead emissions from car exhausts would be cut by over 60 per cent. The oil industry believes that with the use of extra crude it will be able to maintain current octane levels in its petrol. Lead is added to petrol as an anti-knock agent to boost octane ratings.

The decision to take tougher action to control lead pollution follows growing anxiety about the effects of lead on health, particularly that of young children.

Mr. Tom King, Minister of State at the Department of the Environment, told the Commons yesterday of a series of measures being planned to control lead pollution. These include:

- Discussions with the paint industry about the feasibility of further reducing the lead content in paint—although most modern, domestic paints are already almost lead-free.
- Water authorities are being asked to warn people of the dangers of lead-polluted water resulting from lead-lined tanks and lead piping. Replacement of lead pipes is to become eligible for home improvement grants. Action is also to be taken in Scotland where the problem is said to be "particularly severe" in some areas.
- The official Food Additives and Contaminants Committee is to study the use of lead solder in food cans as part of a general study of metals in tinned foods.
- A major study on the dangers of lead—with special reference to the effects of lead on young children—is to be commissioned from the Medical Research Council.
- A campaign is to be launched to keep the public better informed about the dangers of lead pollution and where these lie.

Despite the wide-ranging measures being planned, the Government was criticised yesterday for failing to introduce totally lead-free petrol.

The Government says, however, that a decision to ban all lead from petrol would cost some £350m a year and would not have cut lead emissions as quickly as its present proposal. It said most of today's cars would be unable to run on lead-free petrol and pointed out that in the U.S.—which adopted lead-free petrol in 1974—over 50 per cent of the petrol now on sale still contains lead.

Award-winning company hit, Page 6; Parliament, Page 10

Leyland Vehicles losing £10m a month and reviews spending

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LEYLAND VEHICLES, the truck and bus subsidiary of BL, has warned white-collar unions that losses are running at £10m a month, and all spending, including investment projects, is under review.

The company hopes economies can be found without "cutting at the basic fabric of the business." But much hinges on the duration of the recession, which has halved the UK truck market.

Leyland Vehicles has kept its 17 per cent share, but on a market projected this year at 46,000 trucks, compared with 92,000 in 1980.

The warning will add to the concern of national union leaders called to a meeting in London today to discuss forward strategy for the cars group.

Sir Michael Edwardes, BL chairman, has said the corporate five-year plan to which the Government has committed £990m State aid, has to be reassessed because of high interest rates and the strength of sterling.

Sir Michael is pledged not to ask for more money, but has warned "in order to live within our cash constraints, we shall have to take further painful action in such areas as manpower, fixed expenses, and investment."

Mr. John Egan, chairman of Jaguar, has told senior stewards that with monthly losses running at around £2m urgent "survival action" is necessary.

Union officials also expressed concern about the long-term future of the Rover car factory at Solihull, Birmingham, which over the past five years has operated on average at around only half capacity.

Shop stewards have been told that production of the TR-7 at Solihull could be suspended indefinitely from September. Such a move would endanger the 1,100 jobs at Speke, Liverpool, which supplies components for the TR-7 and the Mini.

Even at Cowley, Oxford, where a new car, assembled in collaboration with Honda of Japan, is currently going into production, output is running at only around 30 per cent of potential capacity.

The Scottish Leyland Vehicles plants at Bathgate and Albion are losing £4.9m a month.

Leyland Vehicles achieved a break-even in the first six months of last year. The downturn in UK demand and problems in overseas markets, however, left it with a trading loss of £32m at the end of the year. This compared with a £10m trading profit in 1979.

The company had expected to sustain losses before breaking even in 1983, but not at the present level.

- Hopes were rising last night that the strike which has halted production of the Metro at Longbridge, Birmingham, will be ended today.

The 1,700 strikers will be urged by union leaders to return to work and put their dispute over manning levels through the official procedure.

International Islamic bank launched

BY ALAN FRIEDMAN

AN INTERNATIONAL Islamic bank with a planned capitalisation of $1bn (£500m) has been launched by a group of Saudi-led Arab business interests. The Dar al-Maal al-Islami (Islamic House of Funds) is a Bahamas-registered banking group which is to be managed from Geneva.

It says it has resolved the traditional Islamic difficulties about the accumulation of interest. The laws of the Koran prohibit usury.

The bank is chaired by Prince Mohammad al-Faisal al-Saud, son of the late King Faisal and the head of the Islamic Investment Company. Day-to-day operations are to be managed by Dr. Ibrahim Kamel, executive vice-president.

Dr. Kamel said yesterday that $250m had been raised among Arab businessmen in a private placing. A further $60m of share capital would come from the Islamic Investment Company, which would become the investment-banking arm of the bank.

The remaining $690m would be raised through a world-wide public share offer, scheduled to begin early next month. Dr. Kamel said he had received pre-offer interest from investors in 25 Muslim countries. He was confident the full $1bn could be secured within a few months.

The Islamic bank would provide an alternative to the placing of Petro-dollars and other Arabic funds in Western institutions, Dr. Kamel said. It had received the approval of key Islamic scholars in Saudi Arabia. King Khaled was understood to be satisfied with its plan.

Franc falls sharply

Continued from Page 1

the problems of the West German Bundesbank.

Although the D-Mark is the strongest member of the EMS, the Bundesbank has been battling for months to stop its currency sliding against the rampant dollar.

To back up its intervention support for the franc, the Bank of France raised its Treasury bill discount rate—its key intervention rate on the money markets—to 16 per cent from 13½ per cent.

David Lascelles in New York writes: A further increase in prime rates to 20 per cent may not be far off unless there is a sharp reversal in the market, which is considered to be unlikely.

The move to 19½ per cent was led by Chase Manhattan, the New York bank which has been at the forefront of prime rate changes this year. It was quickly followed by Morgan Guaranty, Manufacturers Hanover, Bankers Trust, Citibank and banks outside New York.

Although the increase came as no surprise after last week's dramatic rise in interest rates, it sent shivers through Wall Street and pushed down share and bond prices. The financial community is particularly vulnerable to bad news this week as it braces itself for what analysts have warned could be dreadful money supply figures on Friday.

Technical factors would be to blame for any unnaturally large increase, but Wall Street is not in a mood to apply cool analysis to all that comes its way.

Thatcher 'relieved at Giscard departure'

By Richard Evans and David Tonge

THE EFFECT of M. Mitterrand's election as French President on the politics of Western Europe dominated the first day of talks between Mrs. Thatcher and Chancellor Helmut Schmidt of West Germany at Chequers yesterday.

The indications were that the Prime Minister, although apprehensive at the unsettling influence of a socialist president in France was relieved at the departure of President Giscard d'Estaing.

Senior British ministers were convinced that if re-elected President Giscard would have been more intransigent than in the past towards Britain within the European Community.

According to British sources, Chancellor Schmidt was also alarmed at the prospect of a running battle between the UK and France within the Community and had already started to bind the two countries closer together following the row over fish at the Maastricht Summit.

With the departure of President Giscard there is every prospect that Anglo-German cooperation can develop at the Chequers meeting as both the UK and West German Governments have a number of common goals.

What seems certain is that the change of leadership in France will delay the prospect of agreement on long term proposals for re-structuring the European Community budget and re-forming the Common Agricultural Policy.

The Chequers talks, which started yesterday and will end this morning, launched a review of the outcome of the French elections and then concentrated on three main areas. As well as internal EEC developments these were East-West relations including Poland and Afghanistan, and other international issues especially the Middle East.

Weather

UK TODAY

WARM with sunny periods. Showers in south.

London, South and Central England, E. Anglia, Channel
Early fog. Sunny. Thundery showers. Max. 24C (75F).

S.W. England, S. Wales
Dry. Sunny periods. Thundery showers. Max. 22C (72F).

E. and N.E. England, Borders, Edinburgh, Dundee, Aberdeen
Early fog. Sunny. Max. 19C (66F).

Moray Firth, N.E. Scotland, Orkney, Shetland
Dry. Coastal fog. Below normal temps. Max. 9C (48F).

Rest of Scotland, N. Wales, N.W. England, I.o.M., N. Ireland
Sunny periods. Max. 20C (68F)

Outlook: Warm. Sunny periods. Thundery showers. Hill fog.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	16	61	London	S	18	64
Algiers	F	21	70	L. Ang.†	F	16	61
Amsdm	S	24	75	Luxmbg	R	13	55
Athens	S	30	86	Madrid	R	10	50
Bahrain	C	30	86	Majorca	F	18	64
Barclna	F	18	64	Malaga	F	18	64
Beirut	S	21	70	Malta	S	23	73
Belfast	C	15	59	M'ch'str	S	21	70
Belgrade	F	24	75	Melbrne	C	16	61
Berlin	C	24	75	Mx. C.†	—	—	—
Biarritz	F	15	59	Miami†	F	23	73
Bmghm	S	17	63	Milan	R	16	61
Blackpl	S	16	61	Montrl.†	R	10	50
Bordx	C	18	64	Moscow	C	26	79
Boulgn.	F	14	57	Munich	F	22	72
Bristol	C	17	63	Nairobi	C	22	72
Brussels	S	21	70	Naples	F	18	64
Budapst	F	23	73	Nwcastl	F	13	55
Cairo	C	34	93	N York†	R	16	61
Cardiff	F	20	68	Nice	T	15	59
Cas'b'ca	F	19	66	Nicosia	S	21	70
Cape T.	F	17	63	Oporto	R	12	54
Chicg.†	R	3	37	Oslo	C	24	75
Cologne	S	24	75	Paris	C	13	55
Cpnhgn	C	21	70	Perth	S	23	73
Corfu	S	24	75	Prague	S	22	72
Denver†	F	8	46	Reykjvk	F	5	41
Dublin	S	17	63	Rhodes	F	22	72
Dbrvnk	S	21	70	Rio J'o†	—	—	—
Ednbgh	S	14	57	Rome	T	19	66
Faro	F	19	66	Salzbrg	C	22	72
Florence	T	15	59	S'cisco†	—	—	—
Frankfrt	F	21	70	S'tiago†	—	—	—
Geneva	R	12	54	Stckhm	C	21	70
Gibraltar	F	20	68	Strasbg	R	14	57
Glasgow	F	16	61	Sydney	S	20	68
Grnsey	C	11	52	Tangier	C	18	64
Helsinki	S	20	68	Tel Aviv	S	22	72
H. Kong	R	26	79	Tenerife	S	21	70
Innsbrk.	C	15	59	Tokyo	C	17	63
Invrnss	C	8	46	T'r'nto†	R	8	46
I.o.Man	F	19	66	Tunis	F	24	75
Istanbul	F	17	63	Valencia	C	17	63
Jersey	C	12	52	Venice	F	19	66
Jo'burg	F	21	70	Vienna	S	23	73
L. Plms	S	20	68	Warsaw	C	22	72
Lisbon	C	16	61	Zurich	R	8	46
Locarno	C	13	55				

C—Cloudy. F—Fair. R—Rain. S—Sunny. T—Thunder.
†Noon GMT temperatures.

THE LEX COLUMN

Delayed shock on the Bourse

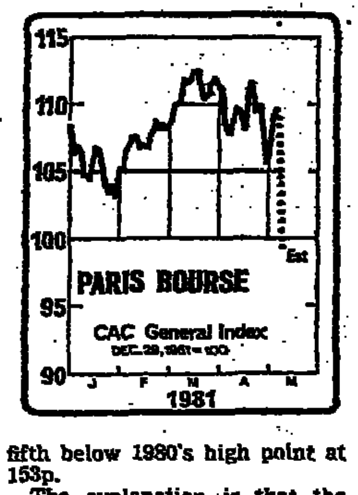
The French equity market has a reputation of being hard to deal in on bad days, and yesterday, in the wake of M. Mitterrand's presidential victory, it was all but impossible. Only a handful of shares saw enough buying for a price to be established, the state institutions which had been supporting the market withdrew, and there was no official guidance on the position of shares in companies marked down for possible nationalisation. Some private sector investors were reported to be buying foreign equities in anticipation of exchange controls.

The franc ran swiftly down to its EMS floor of FFr 2.4093 to the D-Mark, at which level it was held by heavy intervention. The EMS is under considerable strain, since the Bank of France was forced to sell very large amounts of marks, inevitably depressing the mark against the dollar, which is hardly a popular move in Frankfurt. The EMS floor price makes it impossible for the French authorities to carry out their traditional tactic of allowing the currency to become heavily oversold and then buying it hard: instead they are obliged to bail out speculators at a known price.

France's currency reserves cannot cope indefinitely with days like yesterday, and it was somewhat curious that the Bank of France did not use the cheaper weapon of high interest rates until late afternoon, when it announced a 2½ point rise, to 16 per cent, in its principal money market intervention rate.

The country now faces several weeks without a proper government — on yesterday's showing, a period that is calculated to frighten uncertain Mitterrand supporters into switching back to the right at the parlimentary elections.

Index fell 2.4 to 566.9



Euro Ferries

European Ferries is raising £36.4m gross through a deep discount rights issue just 7 months after a share placing which brought in £23.3m. The timing looks rather odd. The group has finished its big spending on new ships, and although it is having to repay around £15m a year of shipping loans, its net cash flow in 1980 was roughly £26m. The balance sheet is strong, with shareholders' funds of £157m, loans of roughly £77m and liquid funds of about £40m. And it is not as if Euro Ferries is exploiting a particularly strong share price. It currently stands a fifth below 1980's high point at 153p.

The explanation is that the group wants to extend its push into property and finance, but is highly uncertain about the likely cash flow from shipping during the next couple of years. Group profits for 1980 are up from £27m to £30.4m pre-tax, but only thanks to a £15m surplus on a property sale in London.

Shipping profits have fallen from £16.7m to £9.8m, and a further sharp setback is in view this year. The group says that if anything, the price war on the English Channel is getting rougher, and it has had to cut its rates about 15 per cent below the figures it was aiming for in January.

The group has held some property profits over into 1981, but overall profits still seem likely to be down this year and although the dividend is forecast to rise by a fifth the short term outlook for the shares is not exciting.

ICL

The appointment of new management at ICL means that the Government is committed to support an attempt to put the company back on its own two feet. But shareholders will need to be extremely patient. While the board will be working hard to bring down costs, it seems equally keen to expand the product range. So it looks as if the £200m borrowing facility guaranteed by the Government until March 1983 will be heavily called upon. The outcome at that date may be a company with debt of perhaps £250m against shareholders' funds of £100m or so.

The Government must be hoping that a point will come at which the prospects will appear exciting enough to attract new equity. At least the institutional shareholders involved in the shake-up seem to have accepted that this strategy offers a better hope of producing a return on their investment than selling the customer-base to a U.S. competitor. The shares gained 1p yesterday to 45p, where the market capitalisation is £60m.

Sears

The arpid rerating of Sears' stock in recent months has taken the price to nearly double the 1980 low of 35p, and the higher profits and dividend announced yesterday gave the shares a 4½p boost to 69p, where the yield is below 5 per cent. The full year outturn for pre-tax profits is 7½ per cent higher at £99.7m, but this is flattered by a higher level of property disposals, a £1.6m rate rebate for Selfridges and an extra week of trading. At the trading level, in fact, the underlying improvement in the second half compared with a year earlier is less than 1 per cent.

The second half has seen a strong pick up in demand for shoes, and a recovery in trading in department stores. But while the Christmas and New Year period was buoyant, demand is now apparently slackening off again. Moreover, the new system of stock relief has been particularly unkind to Sears.

The rerating of the shares may stick if the company continues running down its low-return non-shoe interests in favour of successful expansion abroad in the business it is good at—footwear. But at some stage of the cycle investors may want to see more action taken at the businesses with poor returns—engineering, motor distributing and department stores.

Tube Investments

The perils of an undiscriminating stock market are underlined by the gyrations of the Tube Investments share price, up as high as 240p in April but down another 10p to 196p yesterday after the chairman's gloomy statement at the annual meeting. The first quarter loss of £10m is rather worse than generally expected, and the degree of upturn in the business is only marginal so far. Analysts are still hoping that TI can get into the black for the full year, but the group's performance is a reminder that there is not going to be any easy or quick recovery for companies locked into traditional sectors of the UK economy.

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